

*In this week's recap: stocks continue their win streak despite a mediocre jobs report and dips for the ISM indices; household spending and confidence rise.*

# Weekly Economic Update

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*Presented by Frank DeMaio, August 6, 2018*

## **ECONOMY ADDS 157,000 NET NEW JOBS**

Employers expanded their payrolls in July, but new Department of Labor data showed the hiring pace slowing down. May and June gains, however, were revised up by a combined 59,000, bringing average monthly job growth over the past three months to 224,000. Even with fewer hires, the headline unemployment rate ticked down to 3.9%, and the U-6 rate (factoring in underemployed workers) dropped 0.3% to 7.5%, underneath where it was in July 2017. Last month, wages had improved 2.7%, year-over-year.<sup>1</sup>

## **GOOD NEWS FOR CONSUMER SPENDING AND CONSUMER CONFIDENCE**

Personal spending, according to the Department of Commerce, rose 0.4% during June on the heels of a 0.5% May climb. Personal incomes improved by 0.4% in June, duplicating the number from May. Beating the 127.0 forecast of analysts surveyed by MarketWatch, the Conference Board's July consumer confidence index rose 0.3 points to 127.4.<sup>2</sup>

## **ISM PURCHASING MANAGER INDICES DECLINE**

While still in fine shape, the Institute for Supply Management's twin gauges measuring economic activity in the factory and service sectors fell last month. The Institute's manufacturing PMI went from a 60.2 June reading to a 58.1 July mark. ISM's non-manufacturing PMI lost 3.4 points on the month, heading down to 55.7.<sup>3</sup>

## **STOCKS ADVANCE FOR A FIFTH STRAIGHT WEEK**

Up 0.76% over five trading sessions, the S&P 500 settled at 2,840.35, Friday. The Nasdaq Composite added 0.96% for the week, reaching 7,812.01 at Friday's closing bell. Blue chips were flat for the week: the Dow Industrials gained but 0.05% to 25,462.58. All three indices were

positive for Friday, even with news that China planned to levy import taxes on \$60 billion more of American exports.<sup>4,5</sup>

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#### TIP OF THE WEEK



*Usually, there is little point in trying to **negotiate a financial aid package** for a student at one university by referencing another offer made by a different school. Most colleges have tight financial aid budgets to begin with and firm award guidelines for financial aid officers to follow.*

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#### THIS WEEK

Monday's earnings parade includes announcements from Andeavor, Boise Cascade, Hertz Global Holdings, Marriott International, Mosaic, Sempra Energy, Tyson Foods, and Weight Watchers. | Tuesday, Wall Street considers earnings from Aramark, Avis Budget Group, Camping World, Dean Foods, Discovery Channel, Hostess Brands, Invacare, Office Depot, Papa John's, Snap, Walt Disney Co., and Wendy's. | Earnings from CVS Health, Green Dot, Horizon Pharma, Keurig Dr. Pepper, Manulife, Michael Kors, Monster Beverage, Roku, Sinclair Broadcasting, Starwood Hotels & Resorts, Sunoco, TiVo, Twenty-First Century Fox, U.S. Auto Parts, Weibo, Wyndham Destinations, and Yelp appear Wednesday. | Thursday, the July Producer Price Index arrives, along with a new initial jobless claims report and earnings from Gannett, Lions Gate, News Corp., Norwegian Cruise Line, Planet Fitness, Tronc, Viacom, and Vista Outdoor. | Friday marks the appearance of the July Consumer Price Index.

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#### QUOTE OF THE WEEK



*“The greatest obstacle to discovery is not ignorance - it is the illusion of knowledge.”*

DANIEL BOORSTIN

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% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	3.01	15.60	12.52	12.56
NASDAQ	13.16	23.21	22.35	24.18
S&P 500	6.24	14.89	13.23	12.74

REAL YIELD	8/3 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.83	0.46	0.42	1.64

Sources: wsj.com, bigcharts.com, treasury.gov - 8/3/18<sup>5,6,7,8</sup>

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.  
10-year TIPS real yield = projected return at maturity given expected inflation.

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## THE WEEKLY RIDDLE



*Gary drops an egg onto a sidewalk. The egg doesn't break after falling 3 feet. Why?*

LAST WEEK'S RIDDLE: What can you feel but never touch, hear but never see?

ANSWER: The wind.

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- 2 - [marketwatch.com/economy-politics/calendars/economic](http://marketwatch.com/economy-politics/calendars/economic) [8/3/18]
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