# Weekly Economic Update

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**FEDERAL RESERVE MAKES ITS THIRD RATE HIKE OF 2018-**The central bank set the target range for the federal funds rate at 2.00-2.25% last week, in a move that economists and investors widely expected. One development was unexpected: the Fed removed the word "accommodative" from its latest policy statement, a hint that it may be on the verge of altering its monetary policy outlook. The Fed dot-plot still shows one more interest rate hike for 2018 and three hikes in 2019.

**HOUSEHOLDS SEE A VERY STRONG ECONOMY-**Both marquee U.S. consumer confidence indices finished September in good shape. The Conference Board's index reached an 18-year peak of 138.4, rising 3.7 points from its August mark. The University of Michigan's gauge declined 0.7 points to a still-impressive reading of 100.1.

**A PERSONAL SPENDING MISS; A NEW HOME SALES GAIN**-Looking at other economic indicators in a data-heavy week, consumer spending rose 0.3% in August, falling short of the 0.4% gain forecast by economists polled by Briefing.com. While reporting that advance, the Commerce Department also announced an improvement of 0.3% for personal incomes in August. The National Association of Realtors said that its pending home sales index declined 1.8% in the eighth month of the year; in better real estate news, the Census Bureau found new home buying up 3.5% in August, measuring a 12.7% yearly increase in the pace of new home sales.

***NAFTA-*** For those who can stay up that late, the eleventh hour is apparently when lots of stuff happens these days. At last night's eleventh hour, a shiny, new NAFTA deal was consummated and that has created a risk-on buzz across the globe. With the inclusion of Canada, NAFTA 2.0 avoids the delicate situation created by a tentative deal solely with Mexico that would have excluded our northern neighbors. Awkward! But, while the just-announced agreement is most certainly "new", many observers are loathe to describe it as "improved." Nevertheless, American farmers should be pleased with the newly named U.S.-Mexico- Canada Agreement (UMCA) and besides feeding us all, farmers also tend to vote.

**UNEMPLOYEMENT-P**olitics aside, the week's most closely watched news will most likely be heard on Friday with a new Employment Report from the Bureau of Labor Statistics (BLS). Non-Farm Payroll growth is expected to slow slightly to something around 180k; well below the 211k average for the last twelve months. The Unemployment Rate itself, a victim of BLS semantics, is expected to decline by one-tenth to 3.8%. What might prove disconcerting is the anticipation of a slight decline in Average Hourly Earnings just when wage growth appeared to be improving. We'll all have to wait and see how that plays out. No doubt our policy makers will be waiting and watching, too, but there won't be anything in this report that will deter them from their appointed rounds; and they still have an appointment with another rate hike in December. It may be getting quite late in this cycle, but it's not the eleventh hour just yet.

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WEEKLY QUOTE
"A pound of pluck is worth a ton of luck."~ James Garfield

WEEKLY TIP
When you inherit real estate, you immediately face some financial questions. Do you want to sell the property, rent it out, or keep it? What would each choice mean, tax-wise? Can you handle payments on an outstanding mortgage and maintenance costs? Talking to tax or real estate professionals is essential.

WEEKLY RIDDLE
*What can be **broken**, but should not be **forgotten**?*

**Last week's answer:** A Splinter

Sources: Financial Strategies Group, The Baker Group, wsj.com, bigcharts.com, treasury.gov, Randy Baker and Chris Low and Rebecca Kooshak FTN Financial

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