

Weekly Economic Update

Citizens FSB

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MARKET-Nervous markets, or at least nervous market participants, were a bit calmer on Friday after getting beaten-up through much of last week. This morning, it appears that jitters may be returning. It also appears that there's plenty to be jittery about. Growing tensions over trade dispute escalation with China, on top of new tensions with Saudi Arabia over some suspicious and unsavory spy novel intrigue have added new layers of uncertainty to the many layers already in place. On Sunday, the House of Saud threatened to use its position as the world's largest exporter of oil to retaliate, if necessary, against the United States if America pursued punitive measures against the Kingdom regarding the mysterious disappearance of a Saudi journalist.

FOMC- Is the Fed concerned about a trade war? Maybe we'll learn more about that once the FOMC minutes from the September meeting are released on Wednesday. It's likely that the Chinese have already reviewed those minutes, but, true to form, are not commenting on them. We'll also be expecting the Philadelphia Fed Business Conditions Index to show a little slippage when that report is published on Thursday. For the housing industry, Housing Starts are expected to slip by about 6% over last month and Existing Home Sales, due out on Friday, will also show a slight retrenchment. Depending on how things play out, the glitter of recent economic performance measures is looking to be a little less shiny this week.

INFLATION- Advancing only 0.1% for September, the headline Consumer Price Index showed a yearly gain of 2.3%, quite a contrast from the 2.9% increase measured in July. The core CPI also advanced 0.1%, and its 12-month gain was unchanged at 2.2%. If further deceleration in the annual inflation rate occurs, that might give the Federal Reserve some pause.

UNCERTAINTY BREEDS SELLING, FOLLOWED BY A RELIEF RALLY

- On Friday, Wall Street rebounded from a disquieting slump that saw the blue chips take an almost 1,400 point dive. The S&P 500 gained 1.42% to snap a 6-session losing streak, the Nasdaq Composite rose 2.29% to fight back from a correction, and the Dow rose 1.15%. A new earnings season may take investors' minds off the insecurities they have felt recently about bond yields, tariffs, and interest rate hikes. Those uncertainties weighed on equities again this past week: the Dow fell 4.19% to 25,339.99; the S&P, 4.10% to 2,767.13; the Nasdaq, 4.86% to 7,496.89. Small caps had it worse than the big three last week: the Russell 2000 lost 5.23%.

SOCIAL SECURITY BENEFITS WILL GROW 2.8% IN 2019- o Retirees will soon see a boost in their Social Security payments. Thursday, the Social Security Administration announced that retirement benefits will receive their largest cost-of-living adjustment (COLA) since 2012 next year. The improvement will lift the average monthly payment to an individual from \$1,422 to \$1,461. The mean monthly payment to a retired couple will rise from \$2,381 to \$2,448.



WEEKLY QUOTE

"The most important thing in life is to learn how to give out love and how to let it come in."
~MITCH ALBOM

WEEKLY TIP

Looking for more money to save or invest? You may find it by eating out less. If you spend \$300 a month eating out, you could lower that to \$100 a month and free up \$2,400 a year to put into a retirement account or emergency fund.

WEEKLY RIDDLE

It gives you information and control, and without it, no work can be done – yet it costs you nothing. What is it?

Last week's answer: Interstate highways

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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