

# Weekly Economic Update

Citizens FSB

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**MARKET**-Good news! The market's up! No, wait; it's down. Well, it looked like it was down, but now it's back up. Well, I think it's back up, but it's hard to tell. What the heck is going on? Fan interference? There's plenty of interference, all right, but not from fans. A confluence of conditions has contributed to a wild week for equity and credit markets alike.

Some are pointing to Wednesday's release of the FOMC's latest minutes as the cause for the markets' queasiness. That seems unlikely. Yes, the post-mortem of September's meeting revealed an unabashed intention to continue with rate hikes, perhaps even past the neutral point, but that's not news. Fed Governor Lael Brainard said as much back on September 12th and Chairman Jerome Powell reprised her remarks on October 2nd. If the message in the minutes and the tone with which it was delivered surprised anyone, they just haven't been paying attention. There shouldn't be a great deal of uncertainty about what's going on in the Fed's world.

**Again, Retail Sales Rise Just 0.1%**- The Census Bureau said that the overall gain for September matched that of August. With fuel and auto sales factored out, retail sales were flat last month. Core sales retreated 0.1%.

**A POSITIVE WEEK FOR EQUITIES**- All three major Wall Street benchmarks advanced last week. The S&P 500 registered the smallest gain, adding just 0.02% as it reached 2,767.78. Improving 0.41% for the week, the Dow Jones Industrial Average settled at 25,444.34. Rising 1.64% in five trading days, the Nasdaq Composite ended the week at 7,449.03.

**HOMES MOVE AT THE SLOWEST PACE IN 3 YEARS**- Existing home sales slumped 3.4% in September as the annualized sales rate decelerated to a degree unseen since November 2015. In reporting this, the National Association of Realtors cited the usual factors: climbing mortgage rates, tight inventory, and ascending prices (the median sale price in September was \$258,100, up 4.2% in 12 months). The NAR's chief economist, Lawrence Yun, now projects a 1.6% reduction in resales for 2018; economists at Fannie Mae are forecasting a 2.0% retreat. In other real estate news, the Census Bureau said that housing starts fell 5.3% last month, while building permits declined 0.6%.

**THIS WEEK**- The federal government's first estimate of Q3 GDP arrives Friday along with the final September University of Michigan consumer sentiment index. The Mega Millions jackpot is almost up to \$1.6B, or about .14 of 1% of the nation's budget deficit. Almost enough to be considered indigenous. Have a great week; be careful out there.



## WEEKLY QUOTE

*"The way you overcome shyness is to become so wrapped up in something that you forget to be afraid."*

*~Lady Bird Johnson*

## WEEKLY TIP

As a small business grows, a relationship with a good tax professional becomes vital. A thorough tax professional can help you file correctly and see that you take the deductions to which you are legally entitled.

## WEEKLY RIDDLE

It is removed from mines outside the U.S., then encased in wood, never to be released. Even so, it is still used by millions. What is it?

## Last week's answer: Your brain

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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