Weekly Economic Update

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FOMC- "Very little is needed to make a happy life; it is all within yourself, in your way of thinking." That's what Roman emperor Marcus Aurelius said a couple thousand years ago. Earlier this week, President Donald Trump criticized Fed Chairman Jerome Powell for appearing to derive happiness from raising interest rates. The roads to happiness are many, and everybody's different. But, on the FOMC, maybe not that different. Since the President vocalized his observation, no fewer than four Committee members, including recently anointed Vice-Chairman Richard Clarida, have publicly pronounced that monetary policy, and that includes interest rates, remains accommodative and more rate hikes are appropriate. The message from the Fed is clear. Don't worry; be happy.

Consumer Index- Consumers, as well, despite Q3's 4% rise in Personal Consumption might also be getting a little nervous if the decline in the University of Michigan's Index of Consumer Sentiment is any indication. That measure dropped unexpectedly to 98.6 in October from the previous month's 99. Also of interest is the sub-index of one-year inflationary expectations. That grew slightly to 2.9% from 2.8% at the same time that the BEA reported a plummet in the third quarter's core Personal Consumption Expenditures Index (PCE) to 1.6% from Q2's 2.1%. One might reasonably wonder if the Fed's inflation fighters were anticipating that. If they read the latest Beige Book released on Wednesday, they probably weren't.

HOUSING DOWNTURNS- The downturn in housing is likewise unavoidable as New Home Sales plunged by 5.5% last month. Analysts place the blame on rising rates and higher prices. Go figure. The FHFA House Price Index still managed a nationwide increase of 0.3%. The resurgence in manufacturing faded a bit with the Kansas City Fed's Manufacturing Index slipping to 8 from 13 with a similar decline in the Richmond Fed's Index from 29 to 15. This lines up with the Beige Book's pronouncement that tariffs are slowing growth.

MORE TURBULENCE ON WALL STREET- Investors would love to see the major indices recapture some of their October losses, and perhaps that will happen as the month ends. The Dow Industrials, S&P 500, and Nasdaq Composite all retreated significantly last week after five days of sizable ups and downs, as anxieties about reduced profit margins and rising interest rates lingered. The blue chips gave back 2.97% to settle at 24,688.31 Friday. Losing 3.78% for the week, the Nasdaq fell to 7,167.21 at Friday's closing bell; across the same stretch, the S&P 500 slipped 3.94% to 2,658.69

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WEEKLY QUOTE

*"**Education** is the **ability** to listen to almost anything without losing your temper or your self-confidence."*

~Robert Frost

WEEKLY TIP

If you have adult children living with you, it is perfectly fine to ask them to shoulder some financial responsibility in your household. Ask them to regularly pay one expense a month (such as the electric bill) or have them pay rent.

WEEKLY RIDDLE

In a thousand years, you will never find it. In a minute, you will notice it once. In a moment, you will see it twice. What is it?

Last week's answer: Graphite

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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