

Weekly Economic Update

Citizens FSB

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WEEK IN PREVIEW- You might have heard something in the news about an election this week. Rumor has it that it will be the most important election in the nation's history; at least since the last one. So, readers may be forgiven for not noticing that the FOMC is getting together this week for a meeting that is not the most important in the nation's history. In fact, this week's monetary enclave is little more than a placeholder until they meet again in December to effect the year's fourth rate hike.

HIRING SURGED LAST MONTH- The Department of Labor's latest employment report painted a picture of a thriving economy. Payrolls expanded with 250,000 net new hires in October, with wages improving 3.1% year-over-year (that was the best 12-month wage increase in nine years). Unemployment remained remarkably low at 3.7%; underemployment, as measured by the U-6 rate, ticked down 0.1% to 7.4%. October marked the labor market's 97th straight month of expansion; the main jobless rate has been under 5% for two years. Last month, there were 7.1 million job openings and 6.1 million unemployed Americans.

HOUSEHOLD SPENDING, CONFIDENCE REMAIN STRONG-The Department of Commerce reported an advance of 0.4% for personal spending in September, though personal incomes improved by only half that. The Conference Board's consumer confidence index displayed an excellent 137.9 reading for October.

RED TURNS GREEN ON WALLSTREET- Last week saw all three major U.S. equity benchmarks add value. A 2.36% weekly gain left the Dow Jones Industrial Average at 25,270.83 when Friday's trading day concluded. The Nasdaq Composite rose even more, improving 2.65% in five days to wrap up the week at 7,356.99. Not to be outdone, the S&P 500 advanced 2.42%. At Friday's closing bell, it stood at 2,723.06. Thanks to these performances, the big three turned positive again for the year.

HOURLY EARNINGS UP- Also significant was the reported 3.1% year-over-year growth rate in Average Hourly Earnings. That's up from 2.8% last month and may perhaps generate renewed belief in Mr. Phillip's curve. Those that are untroubled by the acceleration in wage inflation may not be aware of an even more alarming menace. The makers of Oreo's, in addition to the makers of Hershey Kisses, announced this week that they'll soon be raising prices as a result of rising costs. If that has anything to do with the Fed raising rates, we can all agree that it's time for Jerome and them to nip that little project in the bud.



WEEKLY QUOTE

"**Creativity** can solve almost any problem. The creative act, the defeat of habit by **originality**, overcomes everything."

George Lois

WEEKLY TIP

The **cost of traveling** can surprise you over the holidays. It can be less of a surprise if that cost is factored into your household's **monthly budget**.

WEEKLY RIDDLE

It **floats** when born, **lies down** when alive, and **runs** as it dies. What is it?

Last week's answer: The Moon

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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