



Weekly Economic News & Updates

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HOME SALES QUICKLY FALTER

Seldom do existing home sales fall 6.4% in a month, but that was what happened in December. National Association of Realtors economist Laurence Yun called the drop a reflection of “consumer search processes and contract signing activity in previous months when mortgage rates were higher than today,” and noted that the housing market could be poised for a spring rebound. Year-over-year, the NAR noted, resales were down 10.3%. The median existing home sale price was \$253,600 last month, up 2.9% from December 2017.

IS A SUNSET COMING FOR THE FED’S BALANCE SHEET RUNOFF?

On Friday, the *Wall Street Journal* stated that Federal Reserve policymakers are reportedly considering an end date for the unwinding of the central bank’s huge bond portfolio. Investors will, no doubt, scrutinize the Federal Open Market Committee’s January 30 monetary policy statement for any intimations about this. In gradually shrinking its balance sheet over the last 15 months, the Fed has affected the level of liquidity within the financial markets.

LEADING INDICATORS RETREAT

The Conference Board’s monthly index of leading indicators descended a tenth of a point in December. A month earlier, the gauge rose 0.2%. In a note accompanying the release of the data, the CB said this might be a hint that the economy may “decelerate towards 2% growth by the end of 2019.”

A SHORT AND POSITIVE WEEK ON WALL STREET

All three major U.S. equity benchmarks posted slight gains this past 4-day trading week, adding to the extended rally that began after Christmas. At Friday’s close, the S&P 500 was up 7.20% month-over-month, and the Dow Jones Industrial Average was on a 5-week winning streak. Friday’s sudden agreement between President Trump and Democratic congressional leaders to end the partial federal government shutdown was but one positive factor influencing stocks. Some key earnings announcements surprised to the upside: China’s government said that it would inject \$37 billion worth of liquidity into its money markets, and investors heard that the Fed might be thinking of wrapping up the unwinding of its balance sheet sooner rather than later.

WEEKLY QUOTE

“Success is really about being ready for the good opportunities that come before you.”
Eric Schmidt

WEEKLY TIP

At most businesses, sales and revenue ebb and flow across the year. Some astute **short-term budgeting** may help your business better manage the lean times. Start with a list of your **essential, month-to-month costs**, and see if you can plan to reduce any extra costs during the slow months.

WEEKLY RIDDLE

All around you in the **day**, and you will notice it in the **dark**. You can **see** it, but you will never **hear** it. What is it?

Last week’s answer:

A well

Sources: MarketingPro, 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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