

WEEKLY ECONOMIC UPDATE

October 9, 2017

WEEKLY QUOTE

“Never let the future disturb you. You will meet it, if you have to, with the same weapons of reason which today arm you against the present.”

- Marcus Aurelius

WEEKLY TIP

Your household may want to budget by the 50/20/30 rule: 50% of take-home pay assigned to fixed monthly costs, 20% to saving/investing, and 30% to flexible consumer expenses.

WEEKLY RIDDLE

Christine wants to know how far she can hike into a rugged badlands that is 6 miles wide. How far can she possibly go into the badlands?

Last week's riddle:

Michael is asked to use only the numeral 4 four times to make an equation that equals 17. How does he do it?

Last week's answer:

$[4 \div 4] + [4 \times 4] = 17$.

HURRICANES HURT SEPTEMBER JOB NUMBERS

For the first time in seven years, the economy went a month without payroll growth. The Department of Labor's September employment report revealed the impact of Hurricanes Harvey and Irma: it showed 33,000 fewer people working. Average hourly wages rose 0.5% to take the annualized gain to 2.9%, but this may have been an effect of the net loss of 105,000 lower-paying bar and restaurant jobs. In a statistical fluke, the headline jobless rate fell to 4.2%, and the U-6 rate, counting the underemployed, declined to 8.3%, even as slightly more Americans looked for work.¹

ISM FACTORY PMI TOPS 60

Rising 2.0 points for September, the Institute for Supply Management's factory purchasing manager index hit 60.8, its best mark since May 2004. ISM's service sector PMI also made a nice leap in September, ascending 4.5 points to 59.8, its highest result since August 2005. Analysts polled by the *Wall Street Journal* expected the services PMI to tick down to 55.2 last month.²

OIL HAS FIRST DOWN WEEK IN MORE THAN A MONTH

WTI crude settled at \$49.29 on the NYMEX Friday, slipping 4.6% lower for the week. While Tropical Storm Nate put a drag on Gulf Coast oil production, traders also sensed OPEC members may retain caps on crude output through 2018.³

STOCKS START THE QUARTER WITH GAINS

Blue chips set the pace in the first trading week of October. Across five days, the Dow Jones Industrial Average advanced 1.65% to 22,773.67. The Nasdaq Composite rose 1.45% to 6,590.18 last week, while the S&P 500 gained 1.19% to 2,549.33.⁴

THIS WEEK: Monday is Columbus Day, so many government offices are closed; Wall Street is open for trading, with no major news scheduled. Nothing major is slated for Tuesday, either. On Wednesday, minutes from last month's Federal Reserve policy meeting arrive, plus Q3 results from Fastenal. The fall earnings season kicks off Thursday with announcements from Citigroup and JPMorgan Chase; investors will also consider the September Producer Price Index and a new initial claims report. On Friday, the Street will study September's Consumer Price Index, the initial October University of Michigan consumer sentiment index, September retail sales, and earnings from Bank of America, PNC Financial Services Group, and Wells Fargo. In addition, Fed chair Janet Yellen delivers a speech on monetary policy at the G30 conference in Washington, D.C. on Sunday morning.

| % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG |
|------------|-----------|----------|-----------|------------|
| DJIA | +15.24 | +24.66 | +13.47 | +6.19 |
| NASDAQ | +22.42 | +24.18 | +22.03 | +13.70 |
| S&P 500 | +13.87 | +17.98 | +14.90 | +6.37 |
| REAL YIELD | 10/6 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.50% | 0.11% | -0.82% | 2.34% |

Sources: wsj.com, bigcharts.com, treasury.gov - 10/6/17^{4,5,6,7}

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

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