



Richon Planning Presents:

WEEKLY ECONOMIC UPDATE

September 25, 2017

WEEKLY QUOTE

"Price is what you pay. Value is what you get."

- Warren Buffett

WEEKLY TIP

Are your antiques and collectibles worth more than they used to be? Their current value should be accurately stated on your homeowner insurance policy. Otherwise, an insurer may not reimburse you for their full value if they are lost or damaged.

WEEKLY RIDDLE

A 6-foot chain is suspended with its ends nailed to a wall, with the nails parallel to the floor. The chain sags and hangs down between the nails; the height of the hanging chain is therefore 3 feet from top to bottom. What is the distance in between the nails?

Last week's riddle:

Take three letters, arrange them one way,

FEDERAL RESERVE: UNWINDING WILL BE GRADUAL

Last Wednesday, the country's central bank detailed how it would shrink its mammoth balance sheet. During the fourth quarter, the Fed will unload \$10 billion of maturing bonds per month; in each subsequent quarter, the monthly runoff will increase by \$10 billion until reaching a limit of \$50 billion. Fed chair Janet Yellen said that this schedule is set in stone, barring a "sufficiently great" economic threat. The Fed made no interest rate move last week, but 12 of 16 Fed officials do project a hike before 2017 ends.¹

HOME SALES RETREAT AGAIN

In August, existing home sales fell for the fourth time in five months. Resales decreased 1.7% to a seasonally adjusted annual pace of 5.35 million, a 12-month low, according to the National Association of Realtors. Two factors hindered would-be buyers: a median house price of \$253,500 and a 2.1% monthly reduction in inventory (the supply of homes for sale was 6.5% greater in August 2016).²

BUILDING PERMITS UP 5.7% IN AUGUST

This good news was countered by last month's 0.8% reduction in groundbreaking. The Census Bureau's report on August construction activity showed the rate of issuance for permits 8.3% above where it was a year earlier; the pace of starts was 1.4% improved. Starts for single-family homes were up 17.1% in 12 months.³

A MIXED WEEK FOR EQUITIES

Leading the way among the three major indices last week, the Dow Jones Industrial Average rose 0.36% in five days to 22,349.59. The S&P 500 made a smaller advance of 0.08% to 2,502.22. The Nasdaq Composite took a weekly loss of 0.33%, settling Friday at 6,426.92.⁴

THIS WEEK: On Monday, Red Hat reports quarterly results. August new home sales numbers, the latest S&P/Case-Shiller home price index, the September Conference Board consumer confidence index, and earnings from Cintas, Darden Restaurants, Micron Technology, and Nike all arrive on Tuesday. Earnings announcements from Jabil Circuit, Pier 1 Imports, Thor Industries, and Worthington Industries complement reports on August durable goods orders and pending home sales, Wednesday. Thursday, the federal government's second estimate of Q2 GDP and a new initial jobless claims report appear; also, Accenture, BlackBerry, Conagra Brands, KB Home, and Rite Aid present earnings. The August personal spending report, the Federal Reserve's August PCE price index, and the final September University of Michigan consumer sentiment index surface Friday.

% CHANGE

Y-T-D

1-YR CHG

5-YR AVG

10-YR AVG

and you have a word for “conflict.” Arrange them another way, and you have a word for “uncooked.” What are the three letters?	DJIA	+13.09	+21.51	+12.92	+6.17
	NASDAQ	+19.39	+20.37	+20.42	+14.06
	S&P 500	+11.76	+14.93	+14.27	+6.40
	REAL YIELD	9/22 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
	10 YR TIPS	0.42%	0.08%	-0.71%	2.31%
Sources: wsj.com, bigcharts.com, treasury.gov - 9/22/17^{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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Citations.

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