



Richon Planning Presents:

WEEKLY ECONOMIC UPDATE

October 2, 2017

WEEKLY QUOTE

"A man's silence is wonderful to listen to."

- Thomas Hardy

WEEKLY TIP

When a grandparent, relative or friend of the family pays for a child's medical expenses that are not covered by insurance, direct payments to doctors for such costs are not considered gifts to the child and do not count against the annual gift tax exclusion amount (currently \$14,000).

WEEKLY 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 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

PERSONAL SPENDING BARELY IMPROVES

Consumer spending increased by only a seasonally adjusted 0.1% in August, while consumer incomes rose 0.2%. Those gains precisely matched the projections of economists surveyed by the *Wall Street Journal*. Factoring in inflation, household spending actually retreated 0.1% during August. Hurricane Harvey may be partly to blame for these numbers.¹

ROUNDING UP REAL ESTATE INDICATORS

Census Bureau data shows new home buying down 3.4% in August; this dip comes on the heels of a (revised) 5.5% fall in July. Pending home sales, as measured by a National Association of Realtors index, slipped 2.6% in August after retreating 0.8% a month earlier. The 12-month gain for the S&P/Case-Shiller home price index improved 0.2% to 5.8% in the July edition (released last week).²

CONSUMER OUTLOOK WEATHERS STORMS

The University of Michigan's consumer sentiment index and the Conference Board's consumer confidence index both declined for September, but not drastically. The university's gauge fell 1.7 points to a reading of 95.1, right where analysts polled by MarketWatch thought it would land; that left it 4.3 points above where it was in September 2016. At a mark of 119.8, the CB index was just 0.6 points lower than its August reading.^{2,3}

WALL STREET WRAPS UP A GOOD WEEK & MONTH

The three major indices all advanced last week. Taking the lead, the Nasdaq Composite posted a 5-day gain of 1.07% on the way to a Friday close of 6,495.96. In the same period, the Dow Jones Industrial Average improved 0.25% to 22,405.09; the S&P 500, 0.68% to 2,519.36. At the close on September 29, the Nasdaq had added 0.94% month-over-month; the Dow, 1.90%; the S&P, 1.73%; the Russell 2000, an impressive 5.47%. The CBOE VIX ended the month at just 9.51.⁴

THIS WEEK: Monday sees the release of ISM's September manufacturing PMI. Tuesday, Lennar and Paychex announce quarterly earnings. ISM's September service sector PMI and ADP's latest payrolls snapshot arrive Wednesday, plus Q3 earnings from Monsanto and PepsiCo; in addition, Federal Reserve chair Janet Yellen will speak briefly at the St. Louis Fed's community banking conference. Thursday offers new initial claims numbers, the September Challenger job-cut report, and Q3 results from Constellation Brands and Costco. On Friday, the Department of Labor issues its September jobs report.

% CHANGE

Y-T-D

1-YR CHG

5-YR AVG

10-YR AVG

height of the hanging chain is therefore 3 feet from top to bottom. What is the distance in between the nails? Last week's answer: No distance at all, they are next to each other.	DJIA	+13.37	+23.49	+13.35	+6.12
	NASDAQ	+20.67	+23.28	+21.69	+14.05
	S&P 500	+12.53	+17.12	+14.97	+6.50
	REAL YIELD	9/29 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
	10 YR TIPS	0.49%	0.02%	-0.77%	2.27%
Sources: wsj.com, bigcharts.com, treasury.gov - 9/29/17 ^{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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