



*Richon Planning Presents:*

## WEEKLY ECONOMIC UPDATE

October 23, 2017

### WEEKLY QUOTE

"Too much rest is rust."

- Sir Walter Scott

### WEEKLY TIP

Small business owners applying for home loans should know that if they own 25% or more of the voting stock of a corporation, they are technically classified as self-employed. They will need to provide the lender with a corporate tax return.

### WEEKLY RIDDLE

What time of day can be written the same way forwards or backwards?

### Last week's riddle:

A Saab travels along an avenue at 50mph, a Subaru at 30mph. The Subaru passes by the Saab, without speeding up to do so. How is this possible?

### Last week's answer:

They are traveling in opposite directions.

### SEPTEMBER SAW SLIGHTLY MORE HOME BUYING

Existing home sales advanced 0.7% last month, according to a National Association of Realtors report. This gain broke a 3-month streak of retreats. Single-family home sales rose 1.1%. Housing inventory increased 1.6% last month, but it was still 6.4% under year-ago levels.<sup>1</sup>

### GROUNDBREAKING FALLS TO A 12-MONTH LOW

Housing starts slumped 4.7% in September, the Census Bureau reported last week. Building permits also declined, decreasing 4.5%. Fall hurricanes may have slowed construction activity, but investment in homebuilding was also down 7.3% year-over-year during the second quarter.<sup>2</sup>

### DOW SURGES ABOVE 23,000; GOLD DROPS

Across last week, the Dow Industrials climbed 2.00% to 23,328.63. The Nasdaq Composite advanced 0.35% to 6,629.05, while the S&P 500 gained 0.86% to 2,575.21. Gold had its worst week in a month, slipping 1.9% to a Friday COMEX settlement of \$1,280.50.<sup>3,4</sup>

**THIS WEEK:** Monday's earnings parade includes news from Halliburton, Hasbro, Kimberly-Clark, Lennox International, Logitech, Seagate, and VF Corporation. Tuesday, earnings arrive from 3M, Akamai, Ameriprise Financial, AT&T, Biogen, Canon, Capital One, Caterpillar, Chipotle, Corning, Discover Financial Services, Express Scripts, Fiat Chrysler, Fifth Third, General Motors, Infosys, JetBlue, Eli Lilly, Lockheed Martin, McDonalds, Novartis, Pentair, Regions Financial, Ryder Systems, Sherwin-Williams, Stanley Black & Decker, and TD Ameritrade. September new home sales numbers appear Wednesday, plus earnings from Aflac, Alaska Air, Ally Financial, Amgen, Anthem, Avery Dennison, Boeing, Coca-Cola, Freeport-McMoRan, GlaxoSmithKline, W.R. Grace, Ingersoll Rand, Norfolk Southern, Northrop Grumman, O'Reilly, Penske, Public Storage, Sirius XM, Six Flags, SkyWest Airlines, Suncor, Visa, and Walgreens Boots Alliance. Thursday's earnings include Alphabet, Altria, Amazon, American Airlines, Anheuser-Busch, Baidu, Bayer, Bristol-Myers, Celgene, Chubb, Conoco-Phillips, Dunkin' Brands, Ford Motor Co., Gilead Sciences, The Hartford, HealthSouth, Hershey, Hilton Worldwide, IMAX, Intel, Marathon Petroleum, Mattel, Microsoft, Nokia, Pinnacle Foods, Praxair, Raytheon, Stryker, Twitter, Union Pacific, UPS, Valero Energy, Waste Management, and Xerox; September pending home sales and new initial claims figures also emerge. The first estimate of Q3 GDP and the month's final University of Michigan consumer sentiment index surface Friday, plus earnings from Chevron, Colgate-Palmolive, Exxon Mobil, Goodyear, Huntsman, Merck, Phillips 66, Rockwell Collins, and Weyerhaeuser.

| % CHANGE   | Y-T-D      | 1-YR CHG | 5-YR AVG  | 10-YR AVG  |
|------------|------------|----------|-----------|------------|
| DJIA       | +18.04     | +28.44   | +14.97    | +7.25      |
| NASDAQ     | +23.15     | +26.46   | +24.11    | +14.33     |
| S&P 500    | +15.02     | +20.26   | +15.94    | +7.16      |
| REAL YIELD | 10/20 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.52%      | 0.08%    | -0.71%    | 2.09%      |

Sources: wsj.com, bigcharts.com, treasury.gov - 10/20/17<sup>4,5,6,7</sup>  
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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- 3 - markets.wsj.com/us [10/20/17]
- 4 - marketwatch.com/story/gold-drops-to-2-week-low-as-dollar-gains-strength-on-tax-reform-hopes-2017-10-20/ [10/20/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F20%2F16&x=0&y=0 [10/20/17]
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