

In this week's recap: a consumer spending miss, a slight decline in confidence, a wave of new home buying, and the end of a good quarter for equities.

Weekly Economic Update

Presented by Reap Legacy, Inc., July 2, 2018

INCOME AND SPENDING RISE, ALONG WITH CORE INFLATION

According to the latest monthly Department of Commerce snapshot, personal incomes improved 0.4% in May. Personal spending, however, advanced just 0.2% (half the gain forecast by economists polled by Reuters) and was actually flat when adjusted for inflation. May also brought the sixth straight 0.2% monthly increase for the core PCE price index, which the Federal Reserve uses as its inflation yardstick. The core PCE was up 2.0% year-over-year through May, reaching the central bank's annualized inflation target for the first time in more than six years.¹

CONSUMER CONFIDENCE GAUGES SHOW JUNE DECLINES

The University of Michigan consumer sentiment index and the Conference Board consumer confidence index both came in lower for June. The UMich index dipped 1.1 points from its previous reading to a final June mark of 98.2; meanwhile, the CB's gauge dipped 2.4 points to a still-impressive 126.4.²

NEW HOME SALES JUMP 6.7%

In part, this May gain can be credited to a 17.9% surge in the South, which left new home buying in that region at its best annual pace in 11 years. The Census Bureau also noted that the median new home sale price fell 3.3% across the 12 months ending in May.³

A LOSING WEEK, BUT A WINNING QUARTER

All three of the major Wall Street indices retreated last week. The S&P 500 lost 1.33%; the Nasdaq Composite, 2.37%; the Dow Jones Industrial Average, 1.26%. Friday's settlements: S&P, 2,718.37; Nasdaq, 7,510.30; Dow, 24,271.41. This data aside, all three benchmarks were in the green in the second quarter – the S&P advanced 2.93%; the Nasdaq, an impressive 6.33%; the Dow, 0.70%.^{4,5}

TIP OF THE WEEK



*Are you concerned about your elderly parent's ability to manage financial matters? **Consider accompanying your mom or dad when they meet with their financial professional or CPA.** You may gain some insight.*

THIS WEEK

Monday, the Institute for Supply Management releases its June manufacturing PMI. | Nothing major is scheduled for Tuesday. | Wednesday is July 4th; U.S. financial markets are closed for the holiday. | Minutes from the Federal Reserve's June policy meeting appear Thursday, in addition to the latest initial claims numbers, the June Challenger job-cut report, the June ADP payrolls report, and a new ISM service sector PMI. | The Department of Labor presents its June employment report Friday.

QUOTE OF THE WEEK



*“Age is **mind over matter**. If you don't mind, it doesn't matter.”*

SACHEL PAIGE

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-1.81	14.02	12.56	11.38
NASDAQ	8.79	22.23	24.14	22.75
S&P 500	1.67	12.34	13.85	11.24

REAL YIELD (%)	6/29 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.74	0.55	0.53	1.48

Sources: wsj.com, bigcharts.com, treasury.gov - 6/29/18^{4,6,7,8}

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.

THE WEEKLY RIDDLE



*You see them every day, but never together. They appear everywhere, but never at the same time. **What are they?***

LAST WEEK'S RIDDLE: You have three coins that add up to \$0.31. Two of them are not quarters. What kind of coins do you have?

ANSWER: A penny, a nickel, and a quarter.

«representativename» may be reached at «representativephone» or «representativeemail»
«representativewebsite»

Know someone who could use information like this?

Please feel free send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

«RepresentativeEmailDisclosure»

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

1 - [reuters.com/article/usa-economy/wrapup-1-u-s-core-pce-price-index-hits-2-0-percent-spending-slows-idUSL1N1TU1BT](https://www.reuters.com/article/usa-economy/wrapup-1-u-s-core-pce-price-index-hits-2-0-percent-spending-slows-idUSL1N1TU1BT) [6/29/18]

2 - [marketwatch.com/economy-politics/calendars/economic](https://www.marketwatch.com/economy-politics/calendars/economic) [6/29/18]

3 - [bloomberg.com/news/articles/2018-06-25/u-s-new-home-sales-climb-to-six-month-high-on-surge-in-south](https://www.bloomberg.com/news/articles/2018-06-25/u-s-new-home-sales-climb-to-six-month-high-on-surge-in-south) [6/25/18]

- 4 - markets.wsj.com/us [6/29/18]
- 5 - quotes.wsj.com/index/SPX [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F29%2F17&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F29%2F17&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F29%2F17&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F28%2F13&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F28%2F13&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F28%2F13&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F30%2F08&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F30%2F08&x=0&y=0 [6/29/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F30%2F08&x=0&y=0 [6/29/18]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [6/29/18]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [6/29/18]