

WEEKLY ECONOMIC UPDATE

September 29, 2014

WEEKLY QUOTE

“No law or ordinance is mightier than understanding.”

- Plato

WEEKLY TIP

Schedule your yearly financial review to coincide roughly with an anniversary or a birthday. The life event will provide a ready reminder.

WEEKLY RIDDLE

What 2 common English-language words both contain 2 Cs in a row, 2 Ss in a row and two Ls in a row?

Last week's riddle:

What word measures weight and turns negative if spelled backwards?

Last week's answer:
Ton.

NEW HOME SALES JUMP, REALES DIP

Existing home sales slumped 1.8% in August – their first retreat since March, according to the National Association of Realtors. This followed gains of 2% or more in each of the previous three months. News about new home purchases was better: the Census Bureau recorded an 18.0% increase for August, more than making up for two months of declines. Keep in mind that these numbers may be significantly revised (as an example, May's apparent 18.6% advance in new home buying was reduced to an 8.3% gain a month later).^{1,2}

CONSUMER SENTIMENT RISES

At a final September mark of 84.6, the University of Michigan's much-watched consumer sentiment index climbed 2.1 points above its final August reading. Economists polled by Bloomberg expected it to reach 84.8, however. This month's preliminary reading for the index was also 84.6.³

AN 18.2% DROP FOR HARD GOODS ORDERS

The August descent was the biggest monthly dip ever recorded by the Commerce Department, following the biggest monthly rise ever seen – the revised 22.5% gain in July. Major variations in aircraft orders affected those percentages. Minus the transportation sector, durable goods orders were up 0.7% last month.⁴

5 VOLATILE DAYS ON THE STREET

U.S. air strikes against ISIS. Key economic indicators soaring and plunging. An Apple selloff. Q2 GDP revised up to 4.6%. Bill Gross leaving PIMCO for Janus. All this made for a choppy week on Wall Street, with 5-day performances of major indices as follows: S&P 500, -1.37% to 1,982.85; NASDAQ, -1.48% to 4,512.19; DJIA, -0.96% to 17,113.15.^{3,5}

THIS WEEK: August personal spending statistics and August pending home sales figures arrive Monday, along with earnings from Cintas. Tuesday offers the latest Conference Board consumer confidence index, July's Case-Shiller home price index, September's HSBC manufacturing PMI for China, September readings on eurozone unemployment and inflation and earnings from Walgreens. Official September factory PMIs for China, Japan and the euro area come out on Wednesday along with September's ISM factory PMI for the U.S.; investors will also consider the latest ADP employment report. The European Central Bank holds a policy meeting Thursday, and that day also brings a new initial jobless claims report, August factory orders data and Q3 results from Constellation Brands. Friday, the Labor Department issues its September jobs report and ISM releases its September non-manufacturing PMI.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+3.24	+11.64	+15.41	+7.13
NASDAQ	+8.04	+19.14	+23.16	+14.26
S&P 500	+7.28	+16.73	+17.97	+7.97
REAL YIELD	9/26 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.57%	0.47%	1.60%	1.72%

Sources: online.wsj.com, bigcharts.com, treasury.gov - 9/26/14^{6,7,8,9}
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.
These returns do not include dividends.

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Citations.

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