

# WEEKLY ECONOMIC UPDATE

November 2, 2015

## WEEKLY QUOTE

“We cannot change anything unless we accept it.”

- Carl Jung

## WEEKLY TIP

To figure out how much liquidity you have (i.e., how large your emergency fund is), divide your liquid assets by your monthly expenses. Hopefully, the number that results is 3 or greater.

## WEEKLY RIDDLE

What 5-letter word for a type of crop can you remove 2 letters from, then rearrange the 3 letters left to make the word “tea?”

**Last week’s riddle:** Robert will paint unit numbers on 100 storage units today. In the course of painting a number from 1 to 100 on the door of each unit, how many times will he have to paint the numeral 3 today?

**Last week’s answer:** 20 times. (3, 13, 23, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 43, 53, 63, 73, 83, 93.)

## MIXED CONSUMER SIGNALS AT MONTH’S END

Commerce Department data showed personal spending up only 0.1% for September. The Conference Board’s consumer confidence index fell 5.0 points in October to a mark of 97.6; the University of Michigan’s index of household sentiment did rise 2.8 points on the month to a final October reading of 90.0.<sup>1</sup>

## FEWER NEW HOMES SOLD IN SEPTEMBER

New home buying weakened 15.2% in that month according to the Census Bureau, and the yearly sales pace hit a 10-month low. Additionally, the National Association of Realtors reported a 2.3% decline in its pending home sales index for September. In better news, the 20-city S&P/Case-Shiller home price index ticked north slightly – existing home prices were up 4.7% in the 12 months ending in August.<sup>2</sup>

## U.S. ECONOMY GREW 1.5% IN Q3

The federal government’s first estimate of Q3 GDP was disappointing after 3.9% Q2 growth. A 3.2% quarterly personal spending gain did not fully offset a major drop in business spending and the largest 3-month reduction in inventories since 2012.<sup>3</sup>

## WALL STREET’S COMEBACK CONTINUES

All three major indices posted minor gains last week. The Nasdaq added 0.43% to reach 5,053.75 Friday, while the S&P 500 rose 0.20% to close the week at 2,079.36. The Dow advanced 0.10% to a month-end settlement of 17,663.54.<sup>4</sup>

**THIS WEEK:** October’s ISM factory PMI appears Monday, plus earnings from Allstate, AMC Entertainment, Aramark, Clorox, Health Net, Loews, Noble Energy, Omega Healthcare, Sysco, and Visa. Tuesday brings a September factory orders report and results from Activision Blizzard, Archer Daniels Midland, Sprint, Tesla, Groupon, Herbalife, Hyatt Hotels, Kellogg, Mosaic, Office Depot, Papa John’s, Sempra Energy, Martin Marietta, Vulcan Materials, and Zynga. October’s ADP job change report and ISM services index surface on Wednesday, plus earnings from Allergan, Avon, Blackrock Capital, Etsy, FTD, Facebook, Marathon Oil, MetLife, Michael Kors, Motorola Solutions, Prudential, Qualcomm, Revlon, Rosetta Stone, Time Warner, Transocean, Wendy’s, and Whole Foods. Thursday, new initial claims and Challenger job-cut reports arrive plus results from AMC Networks, Con Edison, DreamWorks, Duke Energy, iHeartMedia, Kemper, Kraft Heinz, Molson Coors, Marcus & Millichap, Monster Beverage, News Corp., Ralph Lauren, Red Lion Hotels, Nvidia, Shake Shack, Take Two Interactive, Tribune Publishing, Walt Disney Co., Symantec, and Wingstop. The Labor Department’s October jobs report comes out Friday, plus earnings from Cigna, E.W. Scripps Co., Humana, and LoJack.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-0.90	+2.72	+11.77	+6.92
NASDAQ	+6.71	+10.68	+20.31	+13.84
S&P 500	+0.99	+4.25	+15.15	+7.23
REAL YIELD	10/30 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.63%	0.42%	0.50%	2.00%

Sources: wsj.com, bigcharts.com, treasury.gov - 10/30/15<sup>5,6,7,8</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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- 4 - [markets.nytimes.com/research/markets/usmarkets/usmarkets.asp](http://markets.nytimes.com/research/markets/usmarkets/usmarkets.asp) [10/30/15]
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