

*Eszylfie Taylor Presents:*

# MONTHLY ECONOMIC UPDATE

December 2017

## MONTHLY QUOTE

“Education’s purpose is to replace an empty mind with an open one.”

- *Malcolm Forbes*

## MONTHLY TIP

Are you building an emergency fund? Consider investing a portion (or perhaps all) of those dollars in an interest-bearing deposit account or bank vehicle, to help them grow a little more.

## MONTHLY RIDDLE

It will let you enter, but not come in. It lets you create space, but it will never offer you a room. It has keys, but they open no locks. What is it?

## Last month’s riddle:

What is black when you buy it, red when you use it, and gray when you throw it away?

## Last month’s answer:

Charcoal.

## THE MONTH IN BRIEF

In November, the S&P 500 gained 2.81% and advanced for a thirteenth straight month – an unprecedented milestone in the index’s long history. Consumer confidence and investor confidence were both abundant, as further evidence arrived that the economy was growing at an impressive rate. Solid fundamental indicators, upbeat earnings announcements, and hopes for 2018 tax cuts motivated stock gains in the U.S.; though many foreign benchmarks slumped. Oil took steps toward \$60. Home sales picked up after a late-summer lull. Wall Street anticipated a year-end rate hike from the Federal Reserve. <sup>1,2</sup>

## DOMESTIC ECONOMIC HEALTH

Consumers were feeling very optimistic in November. The Conference Board’s much-watched consumer confidence index nearly hit 130; its 129.5 reading was 3.3 points higher than its October mark. As for the University of Michigan’s gauge of consumer sentiment, it hovered near a 13-year high, achieving a final November mark of 98.5. (Even so, that was beneath the 100.7 reading at the end of October.) <sup>3,4</sup>

The Department of Labor’s October jobs report satisfied Wall Street. Companies added 261,000 more jobs than they shed in the tenth month of the year. While annual wage growth fell sharply to 2.4%, the headline jobless rate declined to 4.1%, and the U-6 rate, including the underemployed, declined 0.4% to 7.9%. (The U-6 rate was 1.3% higher a year earlier.) <sup>5</sup>

October also saw the manufacturing sector grow significantly. The Institute for Supply Management’s factory sector purchasing manager index dipped half a percent to a still-strong 58.2. That marked the fifteenth consecutive month of growth for manufacturing industries. Early in November, ISM’s service sector index rose 0.3 points to a lofty reading of 60.1, signaling rapid growth. <sup>6,7</sup>

Complementing all this, the second estimate of third-quarter GDP from the Bureau of Economic Analysis improved 0.3% from the previous estimate to 3.3%, in an affirmation of an economy running on all cylinders. In addition, major gains in industrial output (0.9%) and manufacturing production (1.3%) were seen kicking off the fourth quarter in October. <sup>8</sup>

Consumer inflation remained relatively mild. The Consumer Price Index was up merely 2.0% year-over-year through October, and the annualized advance in the core CPI was just 1.8%. Wholesale inflation was a different story: the headline Producer Price Index was 2.8% higher in October than it had been a year before; the core PPI, 2.4% higher. <sup>9</sup>

Sizable gains in both personal spending and personal income were recorded for another month. Household incomes rose 0.4% again in October, and personal spending, 0.3% after the remarkable 0.9% September gain driven by a wave of car and truck buying. Retail sales rose 0.2% during October and 0.3% with gas and auto sales factored out.