

## Top Headline: Stocks Tumble

Stocks tumbled on Wednesday and declines continued through Thursday. On Wednesday, the Dow Jones fell by more than 800 points, while all 11 sectors of the S&P 500 fell by a total of almost 100 points. Tech stocks lead the fall by 4.8% and marked the sector's worst trading day since 2011. Possible culprits for the sell-off include higher interest rates, along with political turbulence in Italy. Despite the downfall, stocks seemed to have stabilized over the weekend, and many do not believe the fall foreshadows a larger collapse in the near future.

## Other News

On Monday, Sears Holding Corp. officially filed for Chapter 11 bankruptcy protection from its creditors. The deal it reached with its lenders allows it to keep the majority of its stores open for the near future. Nevertheless, it is expected to close 150 of its locations immediately and will be evaluating another 250 (out of 700 total locations). Additionally, the company's CEO and majority shareholder Edward Lampert stepped down from the chief executive role.

## On Tap This Week

Housing starts, existing home sales, and building permits numbers will be released this coming week. This follows a trend of slow existing-home sales, and a recent increase in mortgage rates.

## Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 10/10	PPI	Sep	-0.1%	0.2%	0.2%	PPI was relatively flat despite reports of increased input costs
W 10/10	Core PPI	Sep	0.1%	0.2%	0.2%	
Th 10/11	CPI	Sep	0.2%	0.2%	0.1%	CPI was below expectations, raising questions regarding upcoming Fed rate hikes
Th 10/11	Core CPI	Sep	0.1%	0.2%	0.1%	
Th 10/11	Jobless Claims♦	Oct 6	207K	209K	214K	Claims remain low despite the effect of Hurricane Florence

Actual < Expected     
 Actual > Expected     
 ♦Leading Indicator

## Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	26447	25340	-4.19%	1.28%
S&P 500	2885.6	2767.1	-4.10%	-1.22%
USD*	95.62	95.22	-0.42%	0.57%
10-Year Treasury*	3.23%	3.16%	-0.07%	0.33%

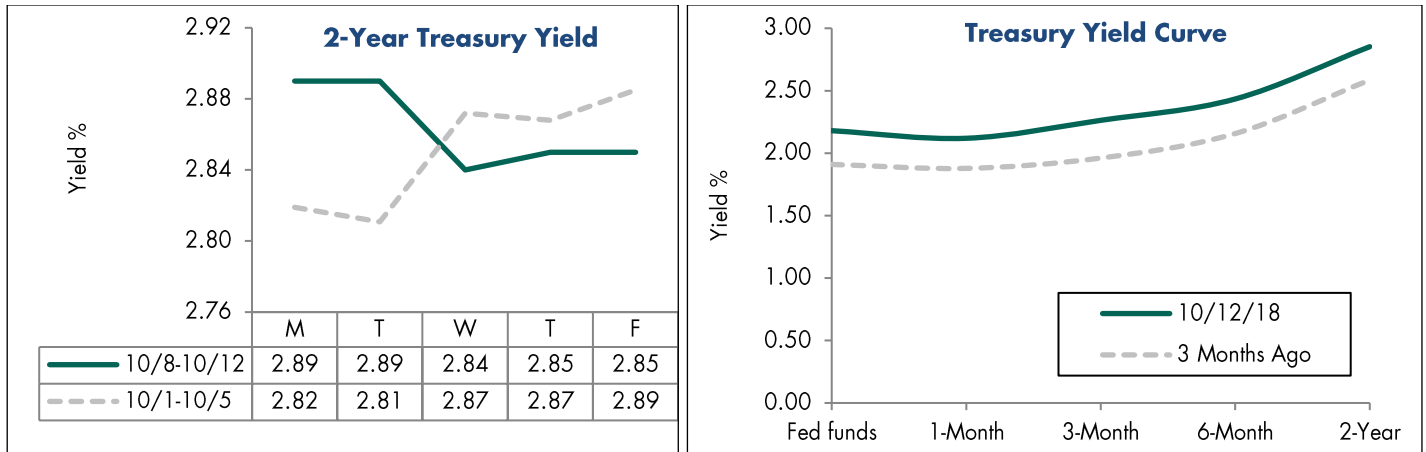
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified period

## Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 10/15	Retail Sales	Sep	0.1%	0.6%
M 10/15	Sales Less Autos & Gas	Sep	0.2%	0.4%
T 10/16	Industrial Production	Sep	0.4%	0.2%
T 10/16	Capacity Utilization	Sep	0.2%	0.2%
W 10/17	Housing Starts	Sep	1.28M	1.21M
W 10/17	Housing Permits	Sep	1.23M	1.27M
Th 10/18	Jobless Claims	10/13	214K	210K
F 10/19	Existing Home Sales	Sep	5.340M	5.290M

## Yield Curve Highlights



## Detailed Economic Releases

10/10/2018	Prev.	Exp.	Act.
PPI	-0.1%	0.2%	0.2%
Core PPI	-0.1%	0.2%	0.2%

PPI met expectations at 0.2%, supported by an increase in transport prices of 1.8%. Decreased capacity in shipping due to lack of trucks and truck drivers, however, has so far constrained prices for the year. Goods, energy and food prices all fell by 0.1%, 0.8% and 0.6% respectively. Construction prices rose by only 0.1%, also constrained by resources, though the year-on-year rate did increase by 0.2% to 3.4%. Service prices overall increased by 0.3% month-on-month, though trade service prices measuring prices of retailers and wholesalers only rose by 0.1%. Though year-on-year growth for steel and aluminum prices remains solid, immediate tariff effects slowed, resulting in unchanged levels for steel and a decrease of 0.3% for aluminum.

**Summary: PPI remained flat despite reports of increased input costs.**

10/10/2018	Prev.	Exp.	Act.
CPI	0.2%	0.2%	0.1%
Core CPI	0.1%	0.2%	0.1%

All readings came in below expectations, with CPI and core CPI at 0.1% and year-on-year measures for the indicators down by 0.1% for both indicators at 2.3% and 2.2%, respectively. Energy decreased by 0.5% and food was unchanged, though year-on-year rates for both indicators were up at 4.8% and 1.4%, respectively. Transportation decreased by 0.3%, while housing was soft at an increase of only 0.1%. Though apparel has been down for three consecutive months and is down year-on-year by 0.6%, the month-on-month rate was up by 0.9%.

**Summary: Increases in wages have yet to impact prices despite a healthy economy. If signs of inflation do not become apparent soon, a Fed rate increase could become less certain.**

10/11/2018	Prev.	Exp.	Act.
Jobless Claims	207K	209K	214K

Jobless claims for the week of 10/6 rose by 7,000 month-on-month partly because of Hurricane Florence. The four-week average increased by 2,500 to 209,500 which is only slightly higher than the month-ago average. North Carolina's claims increased by 4,000, while South Carolina's claims decreased by 2,000 to 3,000. Hurricane Michael is expected to affect next week's report as well.

**Summary: Hurricane Florence's impact on jobless claims was minimal, and Hurricane Michael's impact is also expected to have little impact on the monthly claims. Overall, numbers remain low reflecting the strong economy.**

## About Us

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