

Altus

Wealth Management, LLC

Reaching Higher

Market Update

November 2018

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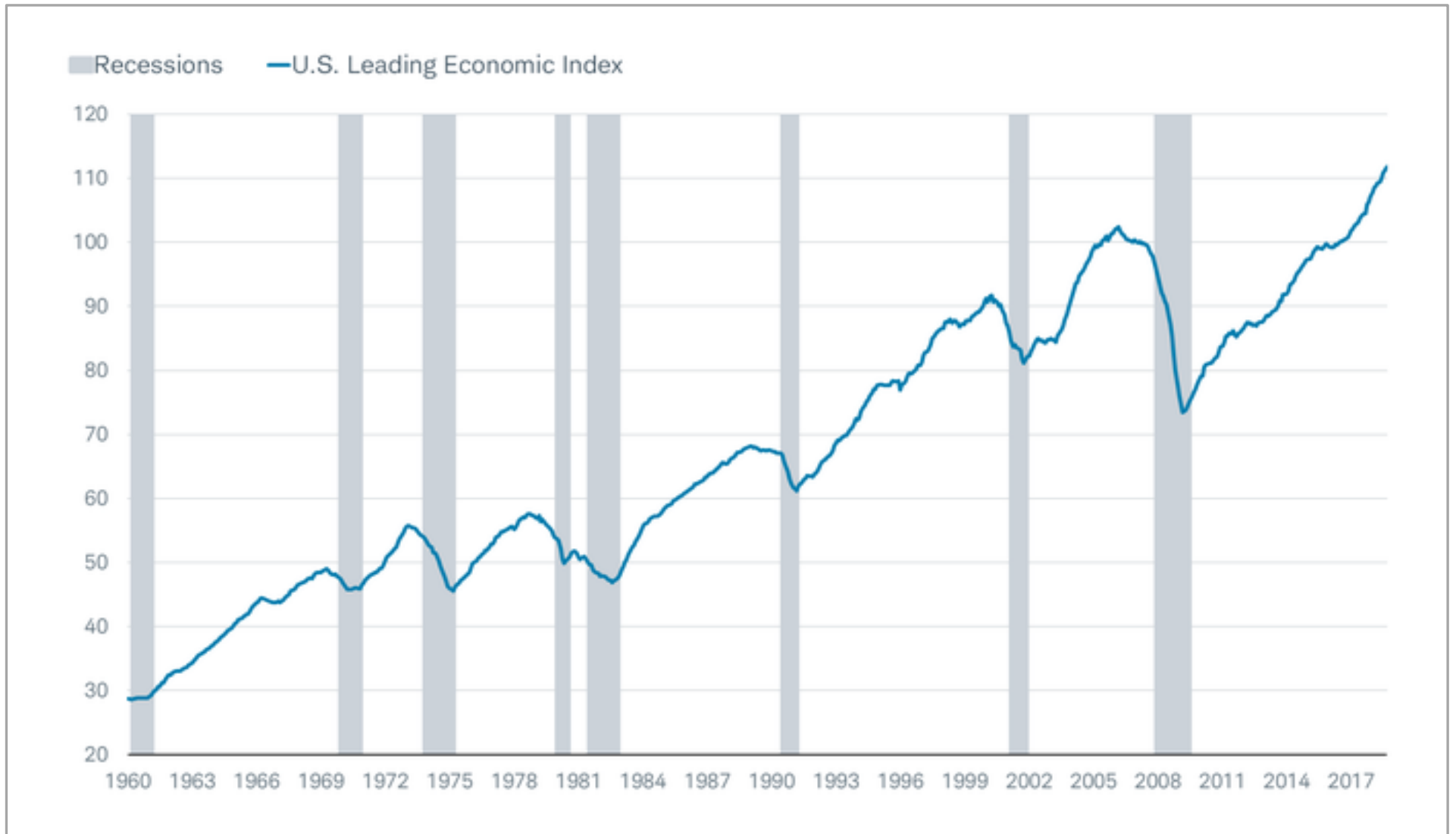
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U.S. Leading Economic Index

	Monthly Change	Altus Insight
LEADING INDEX	↑	Solidly in expansion territory. 8 out of 10 indicators had positive contribution in September. New high for index in October
1. The average weekly hours worked by manufacturing workers.	↓	Consistent - Slight uptick in wage growth past two months.
2. The average number of initial applications for unemployment insurance.*	↓	Consistently lower - break above 240k is first warning.
3. The amount of manufacturers' new orders for consumer goods and materials.	↑	Consumer demand is STRONG!
4. The speed of delivery of new merchandise to vendors from suppliers.	↓	Solid demand for manufacturing supplies.
5. The number of new orders for capital goods unrelated to defense.	↑	Very consistent - Demand steady.
6. The number of new building permits for residential buildings.	↑	Largest negative contribution in August. Slight uptick in Sept., but rising mortgage rates are dampening demand
7. The S&P 500 stock index.	↑	Record all-time high in September, volatility in October spiked.
8. The inflation-adjusted monetary supply (M2).*	↓	Healthy - no flight to safety in October.
9. The spread between long and short interest rates.	↑	Yield curve is fairly flat, long rates increased this month - Inversion is a red flag.
10. Consumer sentiment.	↑	Very Strong - Some components have hit record highs.

* Inverted Series: A negative change or value in this component makes a positive contribution.

Identifying Recessions - U.S. Leading Economic Index



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About The Conference Board Leading Economic Index® (LEI) for the U.S.

The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because they smooth out some of the volatility of individual components.

*The ten components of **The Conference Board Leading Economic Index®** for the U.S. include:*

Average weekly hours, manufacturing

Average weekly initial claims for unemployment insurance

Manufacturers' new orders, consumer goods and materials

ISM® Index of New Orders

Manufacturers' new orders, nondefense capital goods excluding aircraft orders

Building permits, new private housing units

Stock prices, 500 common stocks

Leading Credit Index™

Interest rate spread, 10-year Treasury bonds less federal funds

Average consumer expectations for business conditions