

## L'économie US par Rafic Vartan

arket update for the week ending January 5 2019



CRUDE OIL 48.31    GOLD 1.286.20    SILVER 15.76    EUR/USD 1.14

**Stocks closed higher for the second straight week -** Stocks were down for the week before surging on Friday following a stellar jobs report and positive comments from Federal Reserve Chief Jerome Powell to end the week higher. The jobs report calmed investors' fears that a recession may be looming. Comments by Fed chief Powell that interest rate increases would be paused due to low inflation and slowing economies overseas gave investors more good news. Thursday Apple lowered their profit estimates for 2019 based on slower sales. Asia and Europe reported slowing in economic growth which dragged down stocks. Friday the Dow gained 750 points to end the week higher. The Dow Jones Industrial Average closed the week at 23,433.16, up 1.6% from 23,062.49 last week. The S&P 500 closed the week at 2,531.94, up 1.9% from 2,485.74 last week. The NASDAQ closed the week at 6,738.96, up 2.3% from 6,584.62 last week.

**2018 -** The Dow Jones Industrial Average ended 2108 at 23,327.46, down from 24,719.22 at the close of 2017. The S&P 500 closed the year at 2,506.85, down from 2,673.51 at the end of 2017. The NASDAQ closed at 6,635.28, down from 6,903.39 on December 31, 2017.

**Job growth surges in December -** The Bureau of Labor Statistics reported that U.S. employer's added 312,000 new jobs in December! That shocked analysts that had forecasted 178,000 new jobs. There were 2.6 million jobs added in 2018, up from 2.2 million new jobs in 2017. The unemployment rate rose to 3.9%

from 3.7% in November, a 50 year low, as 419,000 new workers entered the workforce. Optimism about finding an acceptable job and higher wages were credited with expanding the workforce. Wages rose 3.2% from one year earlier, matching October's year over wage gains which marked the largest year over year wage gain since April 2009.

**Treasury Bond Yields slightly lower** - The 10 year Treasury bond closed the week yielding 2.67%, down from 2.72% last week. The 30 year Treasury bond yield ended the week at 2.98%, down from 3.04% last week. We watch Treasury bond yields because mortgage rates follow bond yields.

**2018** - U.S. Treasury Bond Yields higher in 2018. The 10 year U.S. treasury bond closed the year at a 2.69% yield, up from 2.40% December 31, 2017. The 30 year treasury yield ended the year at 3.02%, up from 2.74% on Dec. 31, 2017.

**Mortgage rates at the lowest levels in 8 months** - The January 3, 2019 Freddie Mac Primary Mortgage Survey reported that the 30 year fixed mortgage rate average was 4.51%, down from 4.55% last week. The 15 year fixed was 3.99%, down from 4.01% last week. The 5 year ARM was 3.98%, almost unchanged from 4.00% last week.

**2018** - Mortgage Rates higher in 2018. The December 28, 2017 Freddie Mac Primary Mortgage Survey reported that the 30 year fixed mortgage rate average was 4.55%, up from 3.99% on December 29, 2017. The 30 year fixed rate was over 5% in October before declining in November and December. The 15 year fixed was 4.01%, up from 3.44% last December. The 5 year ARM was 4.00%, up from 3.55% at the close of 2017.

**Looking for a flip worthy house? Must haves for every room** - While location is key in almost any real estate transaction, that's not all you should consider when purchasing a property you intend to "flip." You need to examine the home room by room, looking for potential ways to make it marketable.

- **Basement and attic** - Just about every house-flip TV show will tell you that updated bathrooms and kitchens sell houses, but the less glamorous areas are just as important. Things like electrical, plumbing, HVAC, foundation, roof, windows ... these are the things that are more costly to fix or replace.
- **Dining room** - Versatility and utility is important. It's a space that will probably be used frequently. You'll want to have the option to customize it to your clientele. It helps to know what kinds of families live in the area so that you can tailor your future renovations to your potential buyers. You wouldn't want to do a modern style renovation and then realize your clients are elderly people looking for a more traditional setup.
- **Kitchen** - Dream big. For flips, the kitchen is definitely the heart of the home. Tour the property to make sure your ideas are actually doable. Non-load-bearing walls are easier and less expensive to remove. So think about where it's feasible to knock them out to make a space look and feel more open. Also, consider what can be saved or reused. After all, it's much more cost-effective to refinish or repaint kitchen cabinets than to replace them.
- **Bathrooms** - Can you add or enlarge them? Most people want at least one and a half bathrooms, so think about where you can add one, even if it's only a half-bath on the main floor. Keep in mind that freshening up existing bathrooms doesn't have to be costly. Simply changing the fixtures or other small elements may be all you need. You can get a brand new toilet for around \$150, and it makes a huge difference.
- **Living spaces** - What updates and embellishments can be added? Finishing touches and small updates in foyers, dens, or living rooms can create clean lines (think moldings, light

fixtures, and other details), and you may be able to do them inexpensively. Take a look at what they're doing in million-dollar homes and then figure out how you can duplicate that in your price range. Think about ways you can make a home unique, which is especially important if it's in a development where most of the homes have a similar layout.

- **Living room** - Look for hardwood floors. Refinishing existing flooring is about a third of the cost of installing new. Don't be afraid to peek under that carpet to see what magic or deflating dose of reality lies beneath. Use this same logic when looking at the home's existing finishes. Can dated wallpaper be removed? Will a new coat of paint be a huge improvement? Neutral choices are better, as they allow the home to appeal to a larger pool of buyers.

**Money saving secrets appliance stores don't want you to know** - Whether you're buying an appliance in a store or online, Voila! a few tricks of the trade to keep money in your pocket.

If you're shopping in a brick-and-mortar store, these are the best times to buy.

- September, October, and January, when manufacturers roll out new appliance models and retailers are desperate to get rid of last year's fare.
- The end of each month, when stores are trying to meet monthly quotas.
- Holiday weekends. No, retailers aren't tricking you with bargain prices. They promote heavily and stock for greater sales during those periods. But different holidays are better for different deals.
- Off-season. For instance, force yourself to think about buying an outdoor grill in January or an electric fireplace in July.

If you're shopping online, these are the best times to buy.

- November
- Thursdays. The day retailers are twice as likely to reduce prices.
- The fourth or fifth day of the month, when buyers are flush with paycheck money.
- 3 p.m. Yes! 3 p.m.
- Consider white. If you're not picky about colors and finishes, you can often buy white appliances for hundreds less than stainless steel, black, or the color of the moment.