

>: Market Wrap Up November 10, 2008

Monday, November 10, 2008 / Chris Rowe

Chris is feeling rather under the weather today, so there will be no Market Wrap Up. Be sure to check back this time next week for a new Market Wrap Up!

?Profit from the Trend?



Chris Rowe

Chief Investment Officer

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Economic Calendar for the week of November 10 to November 14

Friday Nov. 14

10:00 Retail Sales

- **Importance (A-F):** This release merits an **A-**.
- **Source:** The Census Bureau of the Department of Commerce.
- **Release Time:** 8:30 ET around the 13th of the month (data for one month prior).
- **Raw Data Available At:** <http://www.census.gov/svsd/www/advtable.html>.

The retail sales report is a measure of the total receipts of retail stores. The changes in retail sales are widely followed as the most timely indicator of broad consumer spending patterns. Retail sales are often viewed ex-autos, as auto sales can move sharply from month-to-month. It is also important to keep an eye on the gas and food components, where changes in sales are often a result of price changes rather than shifting consumer demand.

Retail sales can be quite volatile and the advance reports are subject to rather large revisions. Retail sales do not include spending on services, which makes up over half of total consumption. Total personal consumption is not available until the personal income and consumption reports are released, typically two weeks after retail sales.

10:00 University of Michigan Consumer Sentiment Index

- **Importance (A-F):** This release merits a **B-**.
- **Source:** The University of Michigan.
- **Release Time:** Preliminary: 10:00 ET on the second Friday of the month (data for current month); Final: 10:00 ET on the fourth Friday of the month (data for current month).

The Michigan index is almost identical to the Conference Board Consumer Confidence index, though there are two monthly releases, a preliminary and final reading. Like the Conference Board index, it has two subindexes - expectations and current conditions. The expectations index is a component of the Conference Board's Leading Indicators index.

Big Picture

Sentiment readings are a reflection of a variety of events rather than an accurate tool for forecasting consumer spending. Gas prices and political events can have an outsized impact on sentiment. In general, these data are of very little economic value. Sentiment has been low all year despite rising consumer spending. This broken clock will now happen to reflect the correct time. The consumer will be pulling back.