GOOD GDP

The US economy easily shook off the effects of recent hurricanes and GDP in 17Q3 rose by 3.1% following a 3% rise in 17Q2, the best two-quarter performance since mid-2014. That said, Y-o-Y GDP growth is still just 2.3% and inflation remained weak, with the Fed's preferred measure rising at a rate of just 1.5% in the quarter, while core inflation was up just 1.3%. Good news but no champagne.

NEBULOUS NUMBERS

October's 261,000 net new jobs was good, as were upward revisions to August and September totaling 90,000. Unemployment fell to 4.1%, its lowest level since 12/00, the broadest measure of unemployment fell to 7.9%, tops since 12/06, and job growth over the past three months has averaged a solid 162,000. But, wage growth was zero and Y-o-Y wages increases are an anemic 2.4%. Nonetheless, expect a Fed rate increase in December.

LIMITED LABOR

While our economy is humming with 3.1% GDP growth in 17Q2 and 3% growth in 17Q3, these rates are unsustainable. That's because these rates have required such large increases in employment that the unemployment rate declined from a low 4.5% at the end of March to a staggeringly low 4.2% by the end of September. We could run out of workers without a significant boost in labor productivity.

CONSUMER CONFIDENCE

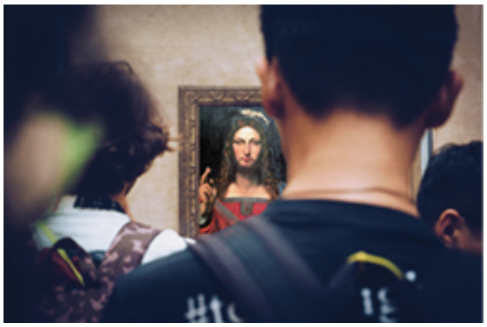
As Measured by the Conference Board, October consumer confidence came in at 125.9, the highest reading since 12/00. This elevated level is a result of rising equity and home prices and an unemployment rate of just 4.2%, its best level since 2/01. A similar measure put out by the University of Michigan is at its best level since early 2004, and Bloomberg's Consumer Comfort index is near its post-recession high.

FED FIGURE

For the first time since 1978, a first-term president hasn't reappointed the incumbent Fed chair. Instead, President Trump will appoint existing Fed governor Powell. He will continue the process of gradual rate rises established by outgoing chair Yellen, but offer a lighter regulatory touch.

CORDRAY QUITS

The first-ever director of the Consumer Finance Protection Bureau (CFPB) Richard Cordray announced he will be leaving the Dodd-Frank Wall Street Reform Act-mandated agency by the end of November. Cordray's exit opens the door for restructuring to the bureau's power structure, perhaps allowing Congress to shift power to a commission rather than a single, presidentially-appointed individual. The CFPB has made news with multi-million dollar fines against Wells Fargo, Bank of America and credit reporting agencies TransUnion, Experian and others.



DA VINCI DOLLARS

Last month, the "Salvator Mundi" by Da Vinci sold at auction for $400 million, $450 million including fees. This shatters the prior auction price high of $179 million set in 2015 for Picaso's "Les Femmes d'Alger", and the alltime high of $300 million for works by Cezanne at private sales. In 1958, "Salvator Mundi" sold for $125 before it was determined to be a Da Vinci.

Sources: Elliot Eisenberg, PhD., Chief Economist for GraphsandLaughs, LLC, an economic consulting firm serving a variety of clients across the United States. All rights reserved., Consumer Finance Protection Bureau.