

**L'économie US au 8 décembre  
2018 , par Rafic Vartan**





Market update for the week ending December 8

2018

CRUDE OIL 52.13 GOLD 1,249.40 SILVER 14.56 EUR/USD 1.14

**Stocks give up all of last week's gains and are now in negative territory for the year** - Trade tensions, fears of higher interest rates, lower oil prices, and fears of a slowing economy weighed heavy on investors this week causing stocks to stop over 4%. The positive was that as stocks dropped long term interest rates dropped as investors fled to the safety of treasury bonds. This brought home mortgage rates down to the lowest level in three months. The Dow Jones Industrial Average closed the week at 24,338.94, down sharply from 25,538.46 last week. It was down 4.5% for the week and is now down 1.3% year to date. The S&P 500 closed the week at 2,633.08, down from 2,760.17 last week. It was down 4.6% for the week and down 1.5% year to date. The NASDAQ closed the week at 6,969.25, down from 7,330.54 last week. It was down 4.9% for the week and up 1% year to date.

**Unemployment rate remains at 3.7%** - The Department of Labor Statistics reported yesterday that 155,000 new jobs were added in November. That did not meet experts' expectations of 195,000 new jobs, but it was a solid number which indicates that employers are still confident in the economy. The unemployment rate held steady at 3.7%, the lowest rate since 1969. Wages grew 3.1% from last November's average hourly rate. That matched last month's year over year increase, which was the swiftest wage gain pace since 2009.

**Treasury bond yields lower this week** - The 10 year Treasury bond closed the week yielding 2.85%, down from 3.01% last week. The 30 year Treasury bond yield ended the week at 3.14%, down from 3.30% last week. We watch Treasury bond yields because mortgage rates follow bond yields.

**Mortgage rates lower for the week** - The December 6, 2018 Freddie Mac Primary Mortgage Survey reported that the 30 year fixed mortgage rate average was 4.75%, down from 4.81% last week. The 15 year fixed was 4.21%, down from 4.25% last week. The 5 year ARM was 4.07%, down from 4.12% last week. Rates ended the week even lower.

**Extended warranties for items in your home. A smart buy or a waste of money?** - When you buy a product or service for your home, you want peace of mind that you're getting your hard-earned money's worth. If things happen (and they do happen), you want to know the company will stand behind its product. That's where a warranty comes in. It's a guarantee from the manufacturer promising to repair or replace the thing you purchased within a specific period of time. Most of the things we buy today are reliable. They come with warranties that protect us, and last the amount of time we expect them to. But for total peace of mind, companies will give you the option to purchase an extended warranty to cover additional repairs or problems that happen beyond the life of the standard warranty. These come with specific terms and conditions that dictate what types of issues the company will cover and what you'll still be responsible for. Most of us at some point will face the same "should you or shouldn't you" dilemma of buying the extra coverage. I'll give you my take on when buying an extended warranty actually makes sense and when it doesn't!

• **Appliances** - The projected life span of appliances is just that. A projection. There are several factors that affect how long your appliances actually last. But is it worth buying an extended warranty on one? Probably not. Paying for the extended warranty on home appliances is often a waste of money. Appliances have become more reliable, so the chance of your refrigerator or dishwasher needing a repair during the extended warranty period is low. Even if the appliance breaks down, what you pay out of pocket to fix it might be less than what you would spend purchasing the warranty. Also, if you used a credit card to purchase the appliance, repairs may be covered for an additional year beyond the manufacturer's initial warranty.

• **Pest control** - A termite infestation is a huge problem that can be eradicated only by a professional. It's costly, it's intrusive, and it's gross. The average price of a termite-control service exceeds \$500. Termite damage could cost thousands of dollars. That's why many pest exterminators offer the option of an extended warranty. The average extended termite warranty costs a couple of hundred dollars and typically includes an annual inspection and complimentary treatments during the year if needed. Sometimes it even covers damage. But does this mean you should spring for it? It largely depends on how bad the termite problem is in the first place. But personally, I'm in favor of getting the extended warranty as long as you're dealing with a qualified, licensed, and trained pest control company.

• **Roof and siding** - Your home's exterior takes a beating during freezing temperatures, sweltering heat, and torrential downpours. And your house's roof and siding act as armor against the elements so you can avoid warping, cracking, and moisture from getting inside. But despite all this, experts agree you probably don't need the extended warranty. Many roofing installers will offer a multiyear warranty on a new roof if they are providing the roof turnkey, meaning they provided both the materials and labor. Most of the siding materials used in modern construction are long-lasting products. So, I think you don't need a warranty unless you're using a true wood siding.

**What is a home warranty? A peace of mind for home buyers** - What is a home warranty? In a nutshell, it's a policy you pay for which covers the cost of repairing many home appliances if they break down. After all, lots of things you buy come with a warranty in case they break down, from cars to smartphones. But what about homes? It turns out you can get a home warranty, too! Home warranties provide financial protection for homeowners who might be faced with unexpected problems with their appliances. Many people buy a home warranty right when they close on a home, since such protections can provide some much-needed peace of mind that you won't get hit with unexpected expenses soon after moving in. Imagine what a bummer it would be, after all, to wake up one morning to a broken boiler or malfunctioning fridge in your brand-new home. A home warranty can lessen those worries, which for many is worth every penny.

• **What does a home warranty cover?** - Don't mistake a home warranty for homeowners insurance, which covers your home's structure and belongings in the event of a fire, storm, flood, or other accident. A home warranty, in comparison, will cover repairs and replacements on systems and appliances due to normal wear and tear. No calamities required. A home warranty generally covers Electrical systems, Plumbing systems, Heating and cooling systems, Washer and dryer, Kitchen appliances such as the oven, range, and garbage disposal.

• **How much does a home warranty cost?** - While home buyers are often required to get homeowners insurance along with their mortgage, home warranties are a fully optional purchase. Basic coverage starts at about \$300 and goes up to \$600 for more comprehensive plans. A homeowner can add extras if needed, such as coverage for a swimming pool. The warranty plans offered at the time of the real estate transaction typically offer the most comprehensive coverage and price points, so that's why it's the ideal time to lock it in. At the end of the first year, you usually have the option to renew your plan or bail.

• **Benefits of home warranties for home buyers and sellers** - A home warranty benefits home buyers by providing reassurance that they can move in without worrying about shelling out even more for surprise repairs. A home warranty can also benefit home sellers (if they don't have it already), since it can cover these elements during the listing period. Oftentimes, home sellers will offer to pay for the first year of a buyer's home warranty to entice buyers to bite. But not everyone thinks home warranties are worth the cost. Typically they aren't necessary with new homes, since most of the appliances are already covered under manufacturers' warranties. But in general, the older your home, the greater the odds are that something will break, and wiser it is to get a home warranty. Best of all, many companies don't differentiate between newer and older homes in terms of cost, making a warranty an especially cost-effective option if you are purchasing an older home.

• **What to do if something breaks** - If something covered under your home warranty breaks, you just call your provider and it will connect you with a qualified contractor in your area. One thing to remember is that a home warranty does not mean you're off scot-free. Typically you'll have to pay for a service call or a certain amount of the bill up to your deductible first. While not everyone will think a home warranty is worth it, it is a good idea for people who lean toward the better safe than sorry approach when buying a home.

**Reminder** - The first installment of property taxes are late if not paid by the final deadline of December 10th.

#### Quote of the week

Dear Santa,

[ ] I've been good this year.

[ ] OK, most of the time.

[ ] Once in awhile.

[X] Never mind, I'll buy my own presents!