

Le point sur l'économie US par Rafic Vartan

Market update for the week ending February 2 2019



CRUDE OIL 55.37 GOLD 1.322.00 SILVER 15.91 EUR/USD 1.14

Stocks up again this week - Stock markets started the year strong! The S&P recorded the largest percentage gain in January since 1987, rebounding from its worst December loss since the Great Depression. Corporate earnings for the fourth quarter of 2018 are coming in higher than expected. The Federal Reserve voted unanimously to leave rates unchanged, and announced “a pause” in interest rate hikes. January’s job gains were almost double the number that experts predicted, and wage gains were strong. So far, the now ended, longest ever partial government shutdown has not shown to have negatively affected the markets. The Dow Jones Industrial Average closed the week at 25,063.89, up 1.3% from 24,737.20 last week. It’s up 7.4% year to date. The S&P 500 closed the week at 2,706.53, up 1.6% from 2,664.76 last week. It is up 8% year to date. The NASDAQ closed the week at 7,263.87, up 1.4% from 7,164.86 last week. The NASDAQ is up 9.5% year to date.

304,000 new jobs created in January! - The Bureau of Labor Statics reported that employers added 304,000 new jobs in January. That figure took experts by surprise and shattered their estimates of 170,000 new jobs. It marked 100 straight month of job gains. Furloughed government workers were not counted as unemployed, so the partial government shutdown did not affect these numbers. The unemployment rate rose to 4% from 3.9% in December. Its deceiving that the unemployment rate has risen. Usually that would signal less jobs and be negative economic news, but this time it actually signals that more people are feeling optimistic about job prospects and opportunities. They are entering the workforce and the labor participation rate is increasing. Wages also rose 3.2% from January 2018. That marked a third consecutive month of wage gains at the highest levels since the current expansion began. The only skepticism was that December's job gains were revised from 312,000 all the way down to 222,000 which calls into question the accuracy of these unusually high initial monthly numbers.

Treasury Bond Yields lower this week - The 10 year Treasury bond closed the week yielding 2.70%, down from 2.76% last week. The 30 year Treasury bond yield ended the week at 3.03%, down slightly from 3.06% last week. We watch Treasury bond yields because mortgage rates follow bond yields.

Mortgage rates almost unchanged this week - Rates at the lowest levels in 9 months. The January 31, 2019 Freddie Mac Primary Mortgage Survey reported that the 30 year fixed mortgage rate average was 4.46%, almost unchanged from 4.45% last week. The 15 year fixed was 3.89%, almost unchanged from 3.88% last week. The 5 year ARM was 3.96%, up from 3.90% last week.

December Southern California home sales - *CoreLogic* reported that the number of homes sold in Southern California fell 20.3% from the number of sales last December. That marked the fewest closed escrows on single family homes, which include both attached and detached dwellings, since December 2007, the start of the Great Recession. Prices rose just 1.1% from one year ago. It was the smallest year over year increase in the median price since prices began climbing in 2012. December's median price of \$515,000 was down about 4% from its all-time high of \$537,000 in June 2018. Fortunately, we have seen a strong pick-up in activity and more escrows opening in the past few weeks.

Los Angeles condo sales sluggish, as real estate market softens - Los Angeles's real estate market continues to cool after years of accelerating prices, and a new figures from the California Association of Realtors show that effect has extended to condo sales as well as single-family homes. The total number of condos and townhomes sold in December across all of Los Angeles County dropped 24% since last year. In that time, sales prices grew, but not by much. The median sale price of \$430,000 rose just under 2%, according to data released by the association. Generally among the most affordable properties on the market, condos and townhomes appeal to budget-conscious or solo shoppers and in California are disproportionately popular with millennials and senior buyers, according to a recent report from CAR.

Things your house painter wishes you knew - Painting your house is one of those maintenance projects that most homeowners undertake at some point, whether it's the outside or the inside. With the exception of hardened DIY types (*you know who you are!*), just about all homeowners will hire painters at some point. Whether to prepare their home for moving in, or for a sale, or perhaps to kick off a remodel with a new color scheme. But homeowners tend to get nervous around painters. What if they spatter the

new carpeting or shatter the china cabinet window? What if the colors you've selected don't work out? Take a deep breath. You've hired a professional. Here's how to help them do their best job.

- **Painting your house is art** - let the pros do it! Think of painting as not just a skill, but also an art. You wouldn't hover behind Michelangelo as he completed the Sistine Chapel, fretting the whole time, would you? Yes, it's true that your bathroom wall will never be one of the world's premiere masterpieces, no matter how skilled your painter, but that doesn't make back seat painters any less annoying. Painting is something that's more subjective than objective. Good paint job involves a lot of artistry. Besides product knowledge and great prep work, you've got to get a guy who seriously knows what he's doing. And once you've found that, trust means letting painters do their job.
- **Prep can take a long time** - At least 30% of a good quality paint job will be prep time. That's where less qualified painters lower their bids. That's where problems come with paint getting on things it shouldn't be. The differences between a rushed paint job and one done properly are enormous. Paint on the walls and everything else; uncleaned walls leading to a splotchy paint job; your favorite couch ruined by a misguided spatter. It's easy to not put a drop cloth down. All that stuff takes time. Keep an eye out for the painters that skimp on prep. The best way to find detail oriented contractors is to ask previous customers for a reference.
- **Make sure your home is ready to paint** - Don't leave all the prep work to the painters, though they've got their hands full. Things will go much smoother if you make sure your home is truly painter ready, this could save you up to 10% of the cost. For interior jobs, make sure you've cleaned all of the awkward spots, including behind the toilet, and picked up any knickknacks that might get in the way. Removing the switch plates and outlet covers from the walls also goes a long way toward speeding up painting time and painters' time is your money! For exterior jobs, they recommends trimming bushes and shrubs away from the house, leaving at least 18 inches of clearance. Making sure your gutters and downspouts are in "tiptop condition" can also speed up the painting process.
- **Ask for touch-ups right away** - After the paint job is finished, ask for a walk-through. Most painters should offer this regardless. Take all the time you want. You want to get it all done while they're there. Don't be afraid to have a list of touch-ups. That doesn't mean most painters are willing to provide endless touch-ups, though especially if it's not a result of poor workmanship. Feel free to call back about something you noticed only when the light hit the wall in just the right spot. But if you scratched the wall while moving in your heavy dresser, be prepared to pay for a touch-up.
- **Sit on the toilet** - What? Yup, after getting your bathroom painted, sit your butt down on the toilet and stare. This is something painters do after every job, because it's a great way to catch tiny, missed spots you wouldn't see otherwise. What you see in a bathroom when you're painting it isn't what you see when you're sitting down. Look around in the areas where you're going to notice stuff.
- **Compare the specifics of the bids** - It's tough to over-emphasize the importance of hiring painters who provide detailed bids before painting your house. Deciding between two or three contractors is hard enough. It's more so if you're relying on pure guesswork. A bid that is "scribbled down on a napkin" is "not even comparable. Look at the material costs. You don't need to go with the painter who buys the most expensive caulk, but don't go with the cheapest, either. Since painting is an art, materials are its medium and cheap paint shows. People confuse price with value. If you have to repaint your house twice as often as you would with a good job, that's not really a great value.
- **Don't be scared to ask for a discount** - If you're comparing two bids and you really love

the more expensive painter, but your budget just won't allow it, don't hesitate to ask for a discount for the pro you want to be the one painting your house. Sure, if the difference is astronomical, you and your painter might not be able to find a comfortable middle ground. But it never hurts to try. I recommend that you get at least three bids or more, if you haven't found a good fit yet. Always call the guy you like the best, no matter where the pricing came in at, and give him a last look. As long as the other contractor is legitimate and using good products. It's business! And when business is also art, it's worth taking the time to find a contractor you love!

Quote of the week

*Age is an issue of mind and matter.
If you don't mind, it doesn't matter.*