



Five Reasons Why Your Financial Outlook Just Got Better

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Look at your paycheck.

Chances are good you won't see much more there than you did in the summer of 2008 — just before the financial crisis hit. Average private-sector earnings are \$24.53 an hour now, unchanged from 2008, after adjusting for inflation.

So most likely, you haven't felt yourself moving up for years.

Now, that may be changing.

On Friday, the Labor Department said that its latest wage-and-salary index reading showed a 2.3 percent rise over the 12 months ended in September. And the Commerce Department's monthly measure of personal income also ticked up slightly.

"Even a minimal increase in wage growth is a sign of welcome improvement in the labor market," Lindsey Piegza, chief economist for Sterne Agee, wrote in her analysis.

Many economists say bigger raises may be coming soon. "We expect this trend of rising wages will continue and provide the fuel for an economic expansion that could last several more years," **Bernard Baumohl, chief economist for The Economic Outlooks Group**, wrote in his assessment.

But even if a major raise isn't on your horizon, five factors will be helping stretch your current paycheck:

Cheap gasoline. In the summer of 2008, gas was \$4 a gallon. On Friday, AAA said the national average, as of Saturday, will be below \$3 for the first time in four years. The auto club says that downshift will save consumers \$250 million a day, compared with earlier this summer when gas was \$3.68.

A strong dollar. The U.S. dollar had more global purchasing power back in the early 2000s. Then its value fell compared with other currencies, reaching a bottom in 2011. Today, the dollar is strong again, allowing U.S. consumers to purchase imported goods and foods at lower prices. That change will help keep inflation low for Americans.

Low interest rates. Millions of homeowners have been able to get extraordinarily cheap mortgages. Just before the financial crisis, 30-year fixed mortgages were being offered at 6.5 percent. Today, rates are below 4 percent, allowing homeowners to lower their monthly payments.

Fierce retail competition. For shoppers, this should be a great holiday season because of cutthroat pricing. Wal-Mart told the *Wall Street Journal* it is testing a plan to match online prices. Best Buy and Target already are doing that, and Target is even offering free shipping on everything through Dec. 20. Analysts expect brutal price competition all around.

Cheaper food (eventually). Corn harvests were enormous this year, sending prices much lower. In 2008, a bushel cost around \$8; now it's about half that. It takes a long while for low commodity prices to work their way through the food chain, but the huge corn harvest should help cut animal feed prices, which eventually could tone down the high beef prices that have hurt shoppers.

Of those five factors, perhaps none lifts consumers' spirits more than those tumbling gas prices.

"Consumers are experiencing 'sticker delight' as gas prices unexpectedly drop below \$3 in much of the country," AAA chief executive Bob Darbelnet said. "Lower gas prices are a boon to the economy — just in time for holiday travel and shopping."

Jose Ferreira, a real estate developer filling his tank at a Boston gas station, did indeed express delight with the price decline. "People struggle to survive, you know. If you can save some money, it's great for everybody," he said.

And while cheap gas can brighten your near-term financial situation, the stock market's surge can help with the long term. On Friday, the Dow Jones industrial average closed at 17,390, up 195, to hit a record high. On the same date six years ago during the financial crisis, it was at 9,325.

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