

WEEKLY ECONOMIC UPDATE

April 18, 2016

WEEKLY QUOTE

“It is amazing what you can accomplish if you do not care who gets the credit.”

- Harry S. Truman

WEEKLY TIP

Think twice about canceling an old whole life insurance policy. If it has sufficient value, you may be able to convert it to a term policy at no charge.

WEEKLY RIDDLE

It may contain a thousand wheels, yet it never moves despite spending all day in the sun. What is it?

Last week's riddle:

Three women each have two daughters. They are all having dinner at a cafe. The café has but seven chairs. All the women are seated. How is this possible?

Last week's answer:

The seven women eating are a grandmother, her two daughters, and her four granddaughters.

HOW WEAK WAS FIRST-QUARTER GROWTH?

Economists have reason to wonder given the latest retail sales, industrial output, and inflation figures. Overall retail purchases fell 0.3% in March, though they rose 0.2% minus auto buying; analysts polled by MarketWatch expected a 0.1% gain for the headline number and a 0.5% gain for the core number. Industrial production slipped 0.6% in March, matching the retreat in February. The Consumer Price Index rose only 0.1% last month while the Producer Price Index declined 0.1%.¹

CONSUMERS A BIT LESS UPBEAT

The preliminary April consumer sentiment index from the University of Michigan came in at 89.7 last week, down from 91.0 at the end of March. A year ago, the index stood at 95.9.^{1,2}

CHEAPEST MORTGAGES IN NEARLY 3 YEARS

Freddie Mac's April 14 Primary Mortgage Market Survey found the average interest rate on a 30-year home loan at 3.58%, a low unseen since May 2013. You can credit demand for Treasuries; the 10-year Treasury yield fell to 1.65% earlier this month.³

STOCKS RISE IN FIRST WEEK OF EARNINGS SEASON

Across April 11-15, the S&P 500 gained 1.62% to a Friday settlement of 2,080.73. Greater weekly gains came for the Nasdaq and Dow; the former rose 1.80%, to 4,938.22, while the latter advanced 1.82%, to 17,897.46.⁴

THIS WEEK: Celanese, Hasbro, IBM, J.B. Hunt, Morgan Stanley, Netflix, PepsiCo, Royal Caribbean Cruises, and W.W. Grainger all announce earnings Monday. Data on March housing starts and building permits appears Tuesday, plus earnings from Comerica, Discover, Goldman Sachs, Harley-Davidson, Intel, Johnson & Johnson, Yahoo!, Northern Trust, Philip Morris, TD Ameritrade, and UnitedHealth. March existing home sales figures are out Wednesday, plus earnings from Abbott Labs, American Express, Citrix, Coca-Cola, CoreLogic, DISH Network, Mattel, Stryker, Newmont Mining, Qualcomm, Raymond James, U.S. Bancorp, United Rentals, and Yum! Brands. Thursday brings a new initial claims report, the latest Conference Board leading indicators, and earnings from Alaska Air, Alphabet, BoNY Mellon, BB&T, Biogen, Briggs & Stratton, D.R. Horton, General Motors, Hanesbrands, IMAX, Microsoft, E*Trade, Norfolk Southern, Nucor, PulteGroup, Schlumberger, Sherwin-Williams, Skechers, Snap-On, Southwest Airlines, Stanley Black & Decker, Starbucks, Travelers, Under Armour, Union Pacific, Verizon, and VISA. Friday's earnings parade includes American Airlines, AutoNation, Caterpillar, GE, Honeywell, Kimberly-Clark, and McDonalds.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.71	-1.19	+9.00	+6.07
NASDAQ	-1.38	-1.45	+15.72	+11.23
S&P 500	+1.80	-1.23	+11.53	+6.14
REAL YIELD	4/15 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.20%	0.07%	0.82%	2.48%

Sources: wsj.com, bigcharts.com, treasury.gov - 4/15/16^{5,6,7,8}

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

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Citations.

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