

WEEKLY ECONOMIC UPDATE

May 2, 2016

WEEKLY QUOTE

“He who lives little,
changes little.”

- *Anatole France*

WEEKLY TIP

Starting your career?
Beware of spending
money to maintain
an image. If you are
tempted to “fake it ‘til
you make it,” you
may soon be awash in
consumer debt.

WEEKLY RIDDLE

It cannot see and it
feels no pain, despite
matter constantly
going through its eye.
What is it?

Last week's riddle:

Sandra is running in a
half-marathon and she
passes the second
person in the race.
What position is she in?

Last week's answer:

Second place.

INCOME OUTDISTANCES SPENDING

Personal income rose 0.4% in March, yet the Commerce Department reported personal spending up just 0.1%. That mild uptick contributed to a poor first quarter for GDP; last week, the Bureau of Economic Analysis estimated Q1 growth at 0.5%.¹

CONSUMER OPTIMISM DECLINES

The Conference Board's consumer confidence index dipped 1.9 points in April to 94.2. Also descending was the University of Michigan's consumer sentiment index, which ended April at 89.0 after concluding March at 91.0.^{1,2}

A ROUNDUP OF HOUSING NEWS

New home sales fell 1.5% in March according to the Census Bureau, after a 0.4% retreat in February. The (just-released) February S&P/Case-Shiller home price index shows a 5.4% overall rise in home values across 12 months, down from 5.7% in the January edition. Lastly, the National Association of Realtors reported a 1.4% March gain in its pending home sales index.¹

MAJOR INDICES RETREAT

The Nasdaq was the benchmark that stumbled hardest last week on Wall Street, falling 2.67% to settle at 4,775.36 Friday. April ended with the S&P 500 at 2,065.30 and the Dow at 17,773.64; the S&P lost 1.26% for the week; the Dow, 1.28%.³

THIS WEEK: Monday, April's ISM manufacturing PMI appears plus earnings from AmeriGas, Anadarko Petroleum, Del Taco, Denny's, Ferrari, Fossil, Loews Corp., and Sysco. Tuesday earnings include results from Archer Daniels Midland, Avis Budget, Boise Cascade, CBS, Clorox, Cummins, CVS Health, Duke Energy, Estee Lauder, Etsy, GrubHub, Hyatt, Macerich, Molson Coors, Papa John's, Pfizer, Pitney Bowes, Smart & Final, Sprint, Starwood Hotels & Resorts, Valero Energy, Vulcan Materials, and Western Union. On Wednesday, the Street looks at the April ISM services PMI, ADP's April job-change report and earnings from Allstate, Chubb, Fitbit, GoDaddy, Green Dot, Humana, iHeart Media, Marathon Oil, Mosaic, Noble Energy, Priceline, Prudential Financial, Sempra Energy, Sunoco, Tesla, Tesoro, Time Warner, Transocean, TripAdvisor, Whole Foods, and Zynga. Thursday, an initial claims report and a new Challenger job-cut report appear, plus earnings announcements from Acadia Pharmaceuticals, Activision Blizzard, Alibaba, El Pollo Loco, Fluor, GoPro, Icahn Enterprises, Jamba, Kellogg, Kemper, Kraft Heinz, Merck, MGM Resorts, Motorola Solutions, Nvidia, Occidental Petroleum, Shell Midstream Partners, Wingstop, and Yelp. The Labor Department's April jobs report arrives Friday, plus earnings from Allergan, Cigna, Exelon, Revlon, and Weyerhaeuser.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.00	-1.45	+7.75	+5.64
NASDAQ	-4.63	-4.94	+13.24	+10.56
S&P 500	+1.05	-1.97	+10.29	+5.76
REAL YIELD	4/29 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.12%	0.14%	0.75%	2.39%

Sources: wsj.com, bigcharts.com, treasury.gov - 4/29/16^{4,5,6,7}

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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