

WEEKLY ECONOMIC UPDATE

September 12, 2016

WEEKLY QUOTE

“Forever is composed of nows.”

- Emily Dickinson

WEEKLY TIP

If you are thinking of adopting a child, you should know that some employers offer adoption assistance programs, through which you can offset some or all of those costs with a tax-free reimbursement. In addition, you may be eligible for a federal credit with a \$12,150 limit to counter any adoption expenses not reimbursed by an employer subsidy.

WEEKLY RIDDLE

You contact it in the street, and lie above it in the night. It may shake as if it is angry, but it will never bite. What is it?

Last week's riddle:

You use your hand to write; you use me to keep the writing neat and make a point. Every once in a while, you empty me out. What am I?

Last week's answer:

A pencil sharpener.

SERVICE SECTOR SEES WEAKEST GROWTH SINCE 2010

The Institute for Supply Management's non-manufacturing purchasing manager index came in at a disappointing 51.4 in August, 4.1 points below its July level. While American service industries expanded for a 79th consecutive month, the pace of expansion was the slowest since February 2010, and the monthly drop in the ISM index was the largest recorded since November 2008.¹

BEIGE BOOK SHOWS LITTLE WAGE PRESSURE

If the economy is near full employment, it is not seeing the strong wage and inflation gains usually linked with that situation. The Federal Reserve's latest summation of economic activity in its 12 districts stated that wage growth was “fairly modest” with little improvement expected in the near term. While wages increased in many districts for highly skilled workers, the Fed also noted that employers had been hard-pressed to fill job vacancies in the IT, engineering, and construction fields.²

OIL, GOLD PUSH HIGHER

WTI crude advanced 3.2% last week, even with a 3.7% Friday slip. Crude settled at \$45.88 a barrel on the NYMEX Friday. Gold ended the week at a COMEX price of \$1,334.50, up 0.6% in five days.³

VOLATILITY RETURNS

Boston Fed President Eric Rosengren created some market turbulence Friday, warning that the economy could overheat if the central bank waits much longer to raise interest rates. His remarks came just a day after European Central Bank president Mario Draghi indicated a reduced possibility of further stimulus efforts for the European Union. A sharp Friday selloff sent the major indices significantly down for the week – the S&P 500 fell 2.39% to 2,127.81; the Nasdaq, 2.36% to 5,125.91; and the Dow, 2.20% to 18,085.45.^{4,5}

THIS WEEK: Nothing major is scheduled on Monday or Tuesday. On Wednesday, Analogic and Cracker Barrel Old Country Store announce earnings. The data stream picks up on Thursday, when investors consider August retail sales numbers, August industrial production, the August Producer Price Index, a new initial claims report, and earnings from Oracle and Progressive. On Friday, the August Consumer Price Index arrives, along with September's preliminary University of Michigan consumer sentiment index.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+3.79	+11.27	+12.91	+5.88
NASDAQ	+2.37	+7.77	+21.54	+13.67
S&P 500	+4.10	+9.57	+16.87	+6.38
REAL YIELD	9/9 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.17%	0.65%	-0.03%	2.35%

Sources: wsj.com, bigcharts.com, treasury.gov - 9/9/16^{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.

**Please feel free to forward this article to family, friends or colleagues.
If you would like us to add them to our distribution list, please reply with their address.
We will contact them first and request their permission to add them to our list.**

«Representative Disclosure»

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is not possible to invest directly in an index. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. All economic and performance data is historical and not indicative of future results. Market indices discussed are unmanaged. Investors cannot invest in unmanaged indices. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Citations.

- 1 - tinyurl.com/zho9nnp [9/6/16]
- 2 - foxbusiness.com/markets/2016/09/07/beige-book-wage-increases-restricted-to-highly-skilled-jobs.html [9/7/16]
- 3 - 247wallst.com/investing/2016/09/09/verizon-coca-cola-tank-djia-on-friday/ [9/9/16]
- 4 - bloomberg.com/news/articles/2016-09-09/u-s-futures-little-changed-with-s-p-500-stuck-in-two-month-lull [9/9/16]
- 5 - markets.wsj.com/us [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=9%2F9%2F15&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=9%2F9%2F15&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=9%2F9%2F15&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=9%2F9%2F11&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=9%2F9%2F11&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=9%2F9%2F11&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=9%2F8%2F06&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=9%2F8%2F06&x=0&y=0 [9/9/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=9%2F8%2F06&x=0&y=0 [9/9/16]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [9/9/16]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [9/9/16]