

WEEKLY ECONOMIC UPDATE

September 19, 2016

WEEKLY QUOTE

“The man who says he is willing to meet you halfway is usually a poor judge of distance.”

- Laurence J. Peter

WEEKLY TIP

Just married? About to marry? Develop a plan to save jointly for your financial goals. If you both save for them, they may be attained more quickly.

WEEKLY RIDDLE

I am soft and seldom upright. I lose a head in the morning, but I get it back at night. What am I?

Last week's 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 answer:

The ground.

RETAIL SALES DECREASE SLIGHTLY

Shoppers bought 0.3% less goods and services in August, according to the latest monthly report from the Department of Commerce – but minus auto sales, the decline was just 0.1%. Retail sales were still up 1.9% from year-ago levels, with online sales rising 10.9% in 12 months.¹

CONSUMER COSTS RISE IN AUGUST

The Consumer Price Index rose 0.2% after a flat July, with the core CPI up 0.3%. Economists surveyed by MarketWatch had expected the headline and core CPI to respectively advance 0.1% and 0.2%. August brought no change whatsoever in the Producer Price Index, which had fallen 0.4% a month earlier. Speaking of production, the Federal Reserve announced a 0.4% dip in industrial output for August, a marked difference from July's 0.6% gain.²

HOUSEHOLD SENTIMENT INDEX SHOWS NO CHANGE

Friday, the University of Michigan's consumer sentiment index displayed an initial September reading of 89.8, duplicating its final August mark. In September 2015, the index was at 87.2.³

ROLLERCOASTER WEEK LEAVES STOCKS HIGHER

Investors hardly bided their time waiting for next week's Federal Reserve interest rate decision – last week was full of dramatic ups and downs. Friday, the S&P 500 closed at 2,139.16, gaining 0.53% in five days. Rising 0.21% for the week, the Dow industrials settled at 18,123.80 Friday; the Nasdaq advanced 2.31% last week to 5,244.57. Gasoline futures jumped 7.4% on the NYMEX during the week, while oil prices fell 6.2%; crude settled Friday at \$43.03.^{4,5}

THIS WEEK: Nothing major is scheduled for Monday. Data on August housing starts and building permits will be revealed Tuesday, along with earnings from Adobe Systems, Carnival, FedEx, KB Home, and Lennar. Wednesday, the Federal Reserve makes its latest policy statement, with Fed chair Janet Yellen holding a subsequent press conference; in addition, Wall Street receives earnings news from Bed Bath & Beyond, CarMax, General Mills, Jabil Circuit, Red Hat, and Steelcase. Earnings from AutoZone and Rite Aid arrive Thursday, along with a new initial jobless claims report. Friday, Finish Line announces quarterly results.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+4.01	+8.27	+11.49	+5.68
NASDAQ	+4.74	+7.27	+20.00	+13.46
S&P 500	+4.66	+7.21	+15.18	+6.21
REAL YIELD	9/16 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.19%	0.73%	0.13%	2.38%

Sources: wsj.com, bigcharts.com, treasury.gov - 9/16/16^{4,6,7,8}

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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