

WEEKLY ECONOMIC UPDATE

October 24, 2016

WEEKLY QUOTE

“Learn to obey before you command.”

- *Solon*

WEEKLY TIP

At what age do you want to retire? 62? 65? 70? Having a specific age in mind will help you solidify and refine your retirement plan.

WEEKLY RIDDLE

Ray pulls out of his driveway and immediately drives at 55 miles per hour, but he is not cited even though a police car sees him. Why?

Last week's riddle:

I possess a single eye, yet I cannot see. I could, however, hurt you – even if I don't move. What am I?

Last week's answer:

A needle.

YEARLY INFLATION INCREASES

Consumer prices rose 1.5% in the 12 months ending in September, the Bureau of Labor Statistics announced last week. That is the highest annualized inflation rate seen since October 2014, up from 1.1% in the year ending in August. The headline Consumer Price Index advanced 0.3% last month; the core CPI 0.1%.¹

EXISTING HOME SALES REBOUND

September saw a 3.2% gain in resales – the first improvement since June, according to the National Association of Realtors. First-time buyers made up 34% of home purchasers, a 4-year peak. Separately, the Census Bureau reported a 9.0% plunge for groundbreaking in September, but building permits increased by 6.3%.^{2,3}

OIL PRICES KEEP RISING; STOCKS MAKE MINOR GAINS

Settling Friday at \$50.85, light sweet crude added 1.0% for the week. Crude now has a 5-week winning streak going on the NYMEX. All three major indices advanced during the past five trading days. The S&P 500 rose 0.38% to 2,141.16; the Nasdaq Composite, 0.83% to 5,257.40; and the Dow Jones Industrial Average, 0.04% to 18,145.71.^{4,5}

THIS WEEK: Boise Cascade, Kimberly-Clark, Sonic, T-Mobile, and Visa present earnings Monday. Tuesday offers the October Conference Board consumer confidence index, the August Case-Shiller home price index and earnings reports from 3M, Apple, AT&T, Capital One, Caterpillar, Chipotle, Chubb, Eli Lilly, Express Scripts, JetBlue, Freeport-McMoRan, General Motors, Lexmark, Merck, NCR, Pandora, Panera, Peabody Energy, Procter & Gamble, Sherwin-Williams, Sprint, Under Armour, Unisys, and Valero Energy. September new home sales numbers are out Wednesday, plus earnings from Allegiant Air, Avery Dennison, Biogen, Boeing, Cheesecake Factory, Coca-Cola, Comcast, Garmin, Hilton Worldwide, Ingersoll-Rand, La Quinta Holdings, Netgear, Newmont Mining, Norfolk Southern, Northrop Grumman, O'Reilly, Penske, Public Storage, Southwest Airlines, State Street, Tesla, Universal Health Services, W.R. Grace, Waste Management, and Western Digital. Besides a new initial claims report and September pending home sales data, Thursday offers earnings from Aetna, Aflac, Alphabet, Altria, Amazon.com, Amgen, Baidu, Bristol-Myers Squibb, Cabela's, Colgate-Palmolive, ConocoPhillips, Dow Chemical, Expedia, Ford Motor Co., Genworth Financial, Hanesbrands, Ingram Micro, LinkedIn, Marathon Petroleum, Nokia, Praxair, Sirius XM, Twitter, and Virgin America. On Friday, the initial Q3 GDP estimate and the final October University of Michigan consumer sentiment index arrive, plus earnings from AutoNation, Chevron, Exelon, Exxon Mobil, Hershey, Phillips 66, Weyerhaeuser, and Xerox.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+4.14	+5.69	+10.73	+5.12
NASDAQ	+4.99	+8.62	+19.87	+12.45
S&P 500	+4.76	+6.05	+14.58	+5.64
REAL YIELD	10/21 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.07%	0.59%	0.23%	2.49%

Sources: wsj.com, bigcharts.com, treasury.gov - 10/21/16^{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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