

WEEKLY ECONOMIC UPDATE

January 23, 2017

WEEKLY QUOTE

“Always laugh when you can. It is cheap medicine.”

- Lord Byron

WEEKLY TIP

If you think you will receive a federal tax refund this year, why not file electronically and arrange a direct deposit to your checking or savings account? Alternately, you can use IRS Direct Pay to make individual and estimated tax payments from your bank accounts.

WEEKLY RIDDLE

A bus without passengers pulls into Tucson, where 10 passengers board it. In Las Cruces, 5 passengers get off the bus, and twice as many passengers get on as in Tucson. Then in El Paso, 25 passengers get off the bus. How many people are on the bus as it leaves El Paso?

Last week's riddle:

It is a home with no doors, and when its occupant leaves it cracks and it is no more. What is it?

Last week's answer:

An egg.

LARGEST INFLATION ADVANCE IN 5 YEARS

The Consumer Price Index rose 2.1% in 2016, marking its greatest annual gain since 2011. During 2015, consumer prices only increased by 0.7%. December saw a 0.3% rise for the headline CPI and a 0.2% gain for the core CPI (which excludes food and energy costs). The core CPI gained 2.2% last year.¹

MUCH MORE GROUNDBREAKING IN DECEMBER

Cold had little impact on residential construction as 2016 ended. Housing starts advanced 11.3% last month and rose 5.7% for the year. Single-family starts declined 4.0% in December, but they still improved 3.9% in 2016. Building permits were down 0.2% last month and posted a yearly gain of 0.7%.²

GOLD GOES BACK ABOVE \$1,200

The yellow metal rose 1.84% week-over-week to settle Friday at \$1,210.00 on the COMEX. (Silver ended the week at \$17.12.) On the NYMEX, oil ended up at \$52.33 as Wall Street rang its closing bell Friday, retreating 0.19% week-over-week.³

MAJOR INDICES DRIFT LOWER

Stocks retreated last week, but just slightly. Across four trading days, losses trimmed the Dow Industrials by 0.30%, the S&P 500 by 0.15%, and the Nasdaq Composite by 0.32%. Friday's settlements: Dow, 19,827.25; Nasdaq, 5,555.33; S&P, 2,271.31.⁴

THIS WEEK: On Monday, Halliburton, McDonalds, and Yahoo! report Q4 results. December existing home sales numbers arrive Tuesday, complementing earnings from 3M, Alibaba, Capital One, Corning, D.R. Horton, Discover, Fifth Third Bancorp, Johnson & Johnson, Kimberly-Clark, Lockheed Martin, Seagate Technology, Stryker, Texas Instruments, Travelers, and Verizon. Wednesday's earnings parade features Abbott Labs, AT&T, Boeing, Briggs & Stratton, Brinker International, Dolby Labs, Citrix, Freeport-McMoRan, eBay, Norfolk Southern, Qualcomm, Raymond James, Rockwell Automation, United Rentals, W.W. Grainger, and Western Digital. New initial claims data appears Thursday, plus December new home sales figures and earnings from Alphabet, Biogen, Bristol-Myers Squibb, Caterpillar, Celgene, Comcast, Dow Chemical, E*TRADE, Ford, Intel, JetBlue, Microsoft, Northrop Grumman, PayPal, Praxair, PulteGroup, Quest Diagnostics, Raytheon, Regis, Royal Caribbean, Sherwin-Williams, Southwest Airlines, Stanley Black & Decker, and Starbucks. Friday offers the first estimate of Q4 GDP, December durable goods orders, the final January University of Michigan consumer sentiment index, and earnings from Chevron, American Airlines, Colgate-Palmolive, Honeywell, NextEra Energy, and Whirlpool.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.33	+25.75	+11.17	+5.78
NASDAQ	+3.20	+24.23	+19.87	+12.66
S&P 500	+1.45	+22.16	+14.53	+5.88
REAL YIELD	1/20 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.44%	0.69%	0.01%	2.47%

Sources: wsj.com, bigcharts.com, treasury.gov - 1/20/17^{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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