

WEEKLY ECONOMIC UPDATE

February 20, 2017

WEEKLY QUOTE

“Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.”

- George S. Patton

WEEKLY TIP

When a divorce settlement requires a party to keep up their life insurance, the insured should go through the underwriting process before signing the agreement. If new coverage cannot be easily obtained, trusts or other estate planning tools can be created in response.

WEEKLY RIDDLE

Picture three trees. Whatever happens to the third tree must happen to the first tree, and anything that happens to the second tree must be replicated on the third. What happens if the second tree is cut down?

Last week's riddle:

Call loudly it does for great distances, thanks to its hard shell and tongue. Yet it will never breathe in making its noise, for it has no lung. What is it?

Last week's answer:

A bell.

RETAIL SALES ROSE 0.4% IN JANUARY

Consumer spending on household electronics and appliances powered this gain. Analysts polled by Reuters had expected a 0.1% advance. Core retail purchases also rose 0.4% last month. The Department of Commerce revised the December increase for retail sales upward to 1.0%. Across the 12 months ending in January, retail sales advanced 5.6%.¹

INFLATION PRESSURE MOUNTS

In January, the headline Consumer Price Index climbed 0.6%. That was its greatest monthly gain in four years, and it took annualized inflation to a 4-year high of 2.5%. Producer prices also jumped 0.6% in January, in the largest monthly increase seen since September 2012; that development left them up 1.6% year-over-year.^{1,2}

BUILDING PERMITS UP, HOUSING STARTS DOWN

Unsurprisingly, groundbreaking declined in January. The Census Bureau recorded a 2.6% fall for housing starts in the winter weather. The rate of permits issued for future projects, however, increased by 4.6%.³

FURTHER GAINS IN A BULLISH FEBRUARY

The S&P 500 pulled off another weekly advance, adding 1.51% from February 13-17 on its way to a Friday settlement of 2,351.16. Its 5-day performance actually lagged both the Dow and the Nasdaq: the blue chips gained 1.75%, to 20,624.05, as the broad tech sector benchmark rose 1.82%, to 5,838.58.⁴

THIS WEEK: Monday is Presidents Day, so U.S. stock and bond markets are closed; America's Car-Mart and Dillard's report Q4 results. Tuesday, Advance Auto Parts, Cracker Barrel, HealthSouth, Home Depot, Kaiser Aluminum, La-Z-Boy, Macy's, Medtronic, Newmont Mining, Nautilus, Papa John's, Red Robin, and Walmart all join the earnings parade. On Wednesday, earnings from Cheesecake Factory, Chico's FAS, DISH Network, Fitbit, Garmin, Green Dot, HP, Jack-in-the-Box, L Brands, Popeyes, Public Storage, Six Flags Entertainment, Square, Sunoco, Tesla, TJX, Toll Brothers, Transocean, and Weibo complement minutes from February's Federal Reserve policy meeting and January existing home sales numbers. A new initial claims report arrives Thursday, along with earnings from AMC Networks, Baidu, Chesapeake Energy, Gap, Herbalife, Hewlett Packard Enterprise, Hormel Foods, iHeartMedia, Intuit, Kohl's, Live Nation, Mitel, Nordstrom, Pinnacle Foods, Sears Holdings, Sprouts, and Toro. Friday, earnings from Berkshire Hathaway, Boise Cascade, Foot Locker, JCPenney, Magellan Health, and Revlon emerge, plus the final February University of Michigan consumer sentiment index and the January new home sales report.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+4.36	+25.34	+11.85	+6.15
NASDAQ	+8.46	+28.77	+19.56	+13.39
S&P 500	+5.02	+22.02	+14.54	+6.15
REAL YIELD	2/17 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.41%	0.53%	-0.23%	2.36%

Sources: wsj.com, bigcharts.com, treasury.gov - 2/17/17^{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.

**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.**

Disclosure.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. 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 market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a 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 a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. 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. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. 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 - reuters.com/article/us-usa-economy-idUSKBN15U1NB [2/15/17]
- 2 - tradingeconomics.com/united-states/producer-prices [2/17/17]
- 3 - investing.com/economic-calendar/ [2/17/17]
- 4 - markets.wsj.com/us [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F17%2F16&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F17%2F16&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F17%2F16&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F17%2F12&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F17%2F12&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F17%2F12&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F16%2F07&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F16%2F07&x=0&y=0 [2/17/17]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F16%2F07&x=0&y=0 [2/17/17]
- 6 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [2/17/17]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [2/17/17]