

WEEKLY ECONOMIC UPDATE

August 7, 2017

WEEKLY QUOTE

“Whatever you are by nature, keep to it; never desert your line of talent. Be what nature intended you for and you will succeed.”

- Sydney Smith

WEEKLY TIP

If you are in your twenties, saving should be your top financial goal: saving for emergencies, for investment, and for retirement.

WEEKLY RIDDLE

What is the only type of “worm” that will never risk ending up on a hook?

Last week’s riddle:

They had weight in their stomachs, tall trees on their backs, nails in their ribs, yet feet they lacked. The world saw thousands of them centuries ago. What were they?

Last week’s answer:

Sailing ships.

LATEST JOBS REPORT BRINGS GOOD NEWS

U.S. payrolls swelled with 209,000 net new workers in July, according to the Department of Labor. That beat the 183,000 estimate by analysts surveyed by Reuters. About 53,000 of the hires were at restaurants and bars, with another 49,000 in the professional and business services category. While yearly wage growth remained at 2.5%, the headline jobless rate ticked back down to 4.3%. The U-6 rate (which includes the underemployed) stayed at 8.6%.¹

A MEAGER GAIN IN CONSUMER SPENDING

The 0.1% June advance reported by the Department of Commerce matched the (low) expectations of economists surveyed by MarketWatch. Consumer incomes were flat in June; the same group of forecasters thought they would improve 0.3%. Personal spending had increased 0.2% in May, with income up 0.3%.²

ISM PMIS SHOW CONTINUED BUSINESS GROWTH

In June, both purchasing manager indices at the Institute for Supply Management were above 57. Their July readings were lower, but still indicated significant sector expansion as both numbers were well above 50. The manufacturing PMI fell 1.5 points to 56.3, and the service sector PMI dropped 3.5 points to a mark of 53.9.³

BLUE CHIPS TOP 22,000

In a mixed week for the major Wall Street indices, the Dow Jones Industrial Average seized the headlines. It reached a new milestone, thanks to its 5-day advance of 1.20%, settling Friday at 22,092.81. The S&P 500 finished the week at 2,476.83, adding 0.19%; the Nasdaq Composite fell 0.36% to settle at 6,351.56 Friday.⁴

THIS WEEK: Avis Budget Group, CBS, Marriott International, and Tyson Foods post earnings Monday. Andeavor, CVS Health, Dean Foods, Discovery Communications, GoDaddy, Green Dot, Hertz Global, Hostess Brands, Icahn Enterprises, Lions Gate, Michael Kors, Monster Beverage, Norwegian Cruise Line, Priceline, Ralph Lauren, Sunoco, TripAdvisor, Valeant Pharmaceuticals, Vivint Solar, and Walt Disney Co. present earnings news on Tuesday. Crocs, Kelly Services, Live Nation, Office Depot, Planet Fitness, Real Goods Solar, Starwood Hotels & Resorts, 21st Century Fox, Weibo, and Wendy’s offer earnings Wednesday. On Thursday, the July PPI and a new initial claims report arrive, plus earnings from Blue Apron, Brinker International, Camping World, Kohl’s, Macy’s, Nordstrom, Nvidia, and Snap. On Friday, the July CPI appears, and JC Penney reports Q2 results.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+11.79	+20.38	+13.74	+6.76
NASDAQ	+17.99	+22.94	+22.80	+15.29
S&P 500	+10.63	+14.44	+15.61	+7.28
REAL YIELD	8/4 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.47%	0.04%	-0.66%	2.44%

Sources: wsj.com, bigcharts.com, treasury.gov - 8/4/17^{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.

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Citations.

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- 3 - instituteforsupplymanagement.org/ISMReport/NonMfgROB.cfm?SSO=1 [8/3/17]
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