

# WEEKLY ECONOMIC UPDATE

February 15, 2016

## WEEKLY QUOTE

“Laughter is the closest distance between two people.”

- Victor Borge

## WEEKLY TIP

Some people moonlight for extra income, but getting that second job may just be a response to uncontrolled spending. Added income will not correct that problem; it may even encourage it.

## WEEKLY RIDDLE

Switch one letter each from the words “plus” and “minus” to the other word, and you have two entirely new words. What are they?

## Last week’s riddle:

When you lack me, you feel a sort of gloom.  
When you use me, it is time you consume.  
What am I?

## Last week’s answer:

Sleep.

## OIL JUMPS 12%, BUT STOCKS RETREAT FOR THE WEEK

On Friday, WTI crude closed at a NYMEX price of \$29.44 after a 12.32% surge. However, it fell 4.69% on the week, and major U.S. stock benchmarks fell as well. Across five days, the Dow Jones Industrial Average declined 1.43% to 15,973.84; the Nasdaq Composite, 0.58% to 4,337.51; and the S&P 500, 1.95% to 1,864.78. Gold closed Friday at \$1,239.00 on the COMEX, capping its best week since 2008 and its first four-week win streak since last April.<sup>1,2</sup>

## BETTER NEWS ABOUT RETAIL SALES

Commerce Department data showed retail purchases increasing 0.2% last month, with impressive 0.6% growth for core retail sales (a category excluding auto, home improvement, and restaurant purchases). The 0.1% pullback in headline retail sales in December was revised to a 0.2% advance.<sup>3</sup>

## A HINT OF CONSUMER PESSIMISM

The University of Michigan’s initial February consumer sentiment index displayed a 90.7 reading compared to 92.0 at the end of January. Its future expectations component fell 1.7 points to a 6-month low, a major reason for the decline.<sup>3</sup>

## MORTGAGE RATES REACH 10-MONTH LOW

On February 11, Freddie Mac’s Primary Mortgage Market Survey showed the average interest rate on a 30-year home loan at 3.65%, moving lower for the sixth straight week. The recent rush to Treasuries by investors has helped keep rates low. Last week, the average interest for the 15-year fixed rate home loan was 2.95%.<sup>4</sup>

**THIS WEEK:** Monday is Presidents Day, so U.S. financial markets will be closed. On Tuesday, Cheesecake Factory, Dean Foods, Express Scripts, Fossil Group, Hormel, Kaiser Aluminum, and Public Storage announce earnings. Minutes from the January Federal Reserve policy meeting arrive Wednesday, along with the January PPI, reports on January housing starts, building permits and industrial output, and earnings from Denny’s, Domino’s, Dr. Pepper Snapple, Gannett, Jack in the Box, Garmin, La-Z-Boy, Marathon Oil, Marriott, Newmont Mining, Noble Energy, Nvidia, NetApp, Priceline, Progressive, and T-Mobile. Thursday, new initial claims figures arrive along with earnings from America’s Car-Mart, Applied Materials, Cabela’s, BJ’s Restaurants, Boise-Cascade, Choice Hotels, DISH Network, Duke Energy, Fluor, Hyatt Hotels, MGM Resorts, Six Flags Entertainment, Novatel Wireless, Nordstrom, Starwood Hotels & Resorts, Virgin America, and Wal-Mart. The January CPI will be out Friday, along with quarterly results from Deere & Co.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-8.33	-11.12	+6.03	+4.67
NASDAQ	-13.38	-10.71	+10.88	+9.37
S&P 500	-8.77	-10.71	+8.06	+4.77
REAL YIELD	2/12 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.49%	0.33%	1.36%	2.08%

Sources: wsj.com, bigcharts.com, treasury.gov - 2/12/16<sup>2,5,6,7</sup>

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.**

## «Representative Disclosure»

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. 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. 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 indices are unmanaged and are not illustrative of any particular investment. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, 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 an unmanaged group of securities considered to be representative of the stock market in general. It is not possible to invest directly in an index. 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. Past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. All economic and performance data is historical and not indicative of future results. Market indices discussed are unmanaged. Investors cannot invest in unmanaged indices. 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 - [foxbusiness.com/markets/2016/02/12/wall-street-surges-but-caps-week-in-red.html](http://foxbusiness.com/markets/2016/02/12/wall-street-surges-but-caps-week-in-red.html) [2/12/16]
- 2 - [markets.wsj.com/us](http://markets.wsj.com/us) [2/12/16]
- 3 - [investors.com/news/economy/retail-sales-looked-stronger-in-january-as-consumer-stays-solid/](http://investors.com/news/economy/retail-sales-looked-stronger-in-january-as-consumer-stays-solid/) [2/12/16]
- 4 - [usatoday.com/story/money/personalfinance/2016/02/11/mortgage-rates-housing-freddie-mac/80231032/](http://usatoday.com/story/money/personalfinance/2016/02/11/mortgage-rates-housing-freddie-mac/80231032/) [2/11/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F12%2F15&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F12%2F15&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F12%2F15&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F12%2F15&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F12%2F15&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F12%2F15&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F11%2F11&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F11%2F11&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F11%2F11&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F11%2F11&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F11%2F11&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F11%2F11&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F13%2F06&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F13%2F06&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F13%2F06&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F13%2F06&x=0&y=0) [2/12/16]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F13%2F06&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F13%2F06&x=0&y=0) [2/12/16]
- 6 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield) [2/12/16]
- 7 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll) [2/12/16]