

# WEEKLY ECONOMIC UPDATE

March 14, 2016

## WEEKLY QUOTE

“Believe those who are seeking the truth. Doubt those who find it.”

- *Andre Gide*

## WEEKLY TIP

If your student will graduate from college with multiple, large student loans with different lenders, consolidating those loans may leave just one payment to one lender at one low interest rate. If your student has multiple but relatively small student loans, just paying them off as quickly as possible is often a better choice than consolidation.

## WEEKLY RIDDLE

What mathematical symbol can be put between 5 and 9 to get a number bigger than 5 and smaller than 9?

### Last week's riddle:

You drop a coin into a bottle through its opening. Then, you push a cork into that same bottle opening to seal the opening. How do you get the coin out of the bottle without breaking the bottle or taking out the cork?

### Last week's answer:

Push the cork into the bottle.

## STOCKS SETTLE AT 2016 HIGHS

A 5-day gain of 1.10% left the S&P 500 at 2,022.19 at the closing bell Friday. Settling at 17,213.31 Friday afternoon, the Dow Jones Industrial Average rose 1.20% for the week while the Nasdaq Composite advanced 0.67% to end the week at 4,748.47. On March 11, the S&P settled above its moving average for the first time since December 30, and both the S&P and DJIA had their highest closes of the year, reaching peaks unseen since intraday trading on January 4.<sup>1</sup>

## OIL RALLIES, GOLD RETREATS

Light sweet crude closed at \$38.50 a barrel Friday on the NYMEX, going +7.2% in five trading days. It was the highest settlement for a most-active contract since December. Gold went -0.9% for the week as appetite for risk grew, settling Friday at \$1,259.40 an ounce in COMEX trading.<sup>2,3</sup>

## WALL STREET WATCHES ECB, WAITS ON FED

Economists polled by Reuters widely believe the Federal Reserve will leave interest rates alone next week, but in their consensus estimate, they put the chance of a rate hike by mid-year at 60%. The European Central Bank went in for more easing last week, unexpectedly expanding the scope of its economic stimulus measures and reducing all three of its interest rates.<sup>4</sup>

## BULL MARKET TURNS SEVEN

At 84 months, this bull market is now the third-longest in history, and it could soon surpass the 1949-56 bull, which ended after 85½ months. The current bull market rose an astonishing 68.6% in its first year. It advanced more than 10% in five of its first six years. It has lost ground over the past 12 months, but it has been rebounding.<sup>5</sup>

**THIS WEEK:** On Monday, Wall Street considers Q1 earnings from Cintas and Lennar. February's PPI, February retail sales numbers and earnings from Oracle arrive Tuesday. Wednesday, the Federal Reserve releases its latest policy statement; investors will also evaluate the February CPI, data on February housing starts and industrial output, and earnings announcements from FedEx, Guess?, Jabil Circuit, and Williams-Sonoma. Thursday brings a new initial jobless claims report, plus earnings from Adobe Systems, Aeropostale, Lands' End, and Michaels Companies. The University of Michigan's preliminary March consumer sentiment index appears Friday, along with Q4 results from Tiffany.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-1.22	-2.39	+8.58	+5.54
NASDAQ	-5.17	-2.09	+14.97	+10.99
S&P 500	-1.06	-0.88	+11.01	+5.78
REAL YIELD	3/11 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.44%	0.39%	0.96%	2.23%

Sources: wsj.com, bigcharts.com, treasury.gov - 3/11/16<sup>6,7,8,9</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.

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03142016-WR-1583

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**Citations.**

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