

WEEKLY ECONOMIC UPDATE

April 4, 2016

WEEKLY QUOTE

“Honesty is the best image.”

- Tom Wilson

WEEKLY TIP

Young adults nearing college graduation may find that an emergency fund is a nice thing to have. Your son or daughter might want to try and save at least \$1,000 before leaving campus.

WEEKLY RIDDLE

You have 7 onions in a bag, and you will distribute them to 7 people. As you finish handing them out, there is still 1 onion left in the bag. How is this possible?

Last week's riddle:

You put me on a table. You cut me, yet you will not eat me. What am I?

Last week's answer:

A deck of cards.

ANOTHER SOLID JOBS REPORT

The latest Labor Department employment report shows net job gains of 215,000 for March. Labor force participation increased last month, and the jobless rate consequently ticked up to 5.0% (the broader U-6 rate edged up to 9.8%). Mean hourly wages rose 7 cents to \$25.43, up 2.3% year-over-year. Payrolls expanded by an average of 209,000 hires per month during the first quarter.¹

MANUFACTURING SECTOR GROWS

Rising to a March reading of 51.8, the Institute for Supply Management's manufacturing PMI indicated sector expansion once again. In February, the index was in contraction territory at 49.5.²

SMALL GAINS IN CONSUMER CONFIDENCE, SPENDING

March saw the Conference Board's consumer confidence index improve 2.2 points to 96.2. The University of Michigan's consumer sentiment index finished the month at 91.0, above the initial March reading of 90.0. A new Commerce Department report showed an 0.1% gain in personal spending in February.²

GOOD NEWS IN HOUSING

Pending home sales were up 3.5% in February, said the National Association of Realtors. That offset their 3.0% January retreat. The January edition of the S&P/Case-Shiller home price index measured a healthy 5.7% yearly gain for U.S. home values across 20 cities.²

NASDAQ RISES NEARLY 3% IN A WEEK

Factory gains and the new Labor Department jobs report gave stocks a tailwind as March ebbed into April. Last week, the Nasdaq Composite outpaced the S&P 500 and Dow Jones Industrial Average: the tech-heavy benchmark gained 2.95% across five days to 4,914.54. In the same interval, the S&P improved 1.81% to 2,072.78 while the Dow rose 1.58% to 17,792.75.³

THIS WEEK: Nothing major is scheduled for Monday. Tuesday, Wall Street looks at ISM's March service sector PMI and earnings from Darden Restaurants and Walgreens Boots Alliance. Wednesday, Federal Reserve March policy meeting minutes complement earnings from Bed Bath & Beyond, Constellation Brands, and Monsanto. Thursday offers a new initial claims report and earnings from CarMax, ConAgra Foods, Rite Aid, Ruby Tuesday, and WD-40. No major news items are slated for Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.11	+0.53	+8.75	+6.02
NASDAQ	-1.85	+0.70	+15.23	+11.00
S&P 500	+1.41	+0.64	+11.11	+6.01
REAL YIELD	4/1 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.17%	0.07%	0.94%	2.35%

Sources: wsj.com, bigcharts.com, treasury.gov - 4/1/16^{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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