

WEEKLY ECONOMIC UPDATE

April 11, 2016

WEEKLY QUOTE

“True friends are those who really know you but love you anyway.”

- Edna Buchanan

WEEKLY TIP

Own a business? Think about having an accountant look at your books several times a year. Having a professional opinion on your books can be valuable at any time, not just tax time.

WEEKLY RIDDLE

Three women each have two daughters. They are all having dinner at a cafe. The cafe has but seven chairs. All the women are seated. How is this possible?

Last week's 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 answer:

As you hand out the last onion, you leave it inside the bag.

FED: APRIL MIGHT BE TOO SOON FOR A RATE HIKE

That was the message Wall Street gleaned from the Federal Reserve's March policy meeting minutes. Several Fed officials, the minutes stated, felt that "raising the target range as soon as April would signal a sense of urgency" that would be untimely. Another passage noted broad support for "a lower path of the federal funds rate relative to December" (in other words, a shallower ascent for the benchmark interest rate across 2016). Still, some officials saw merit in an April rate move should economic indicators show significant upside.¹

PACE OF GROWTH PICKS UP IN THE SERVICE SECTOR

In March, the Institute for Supply Management's non-manufacturing PMI rose 1.1 points to 54.5. It was the first gain for that PMI in five months. The index had a reading of 56 or higher during most of 2015.²

OIL JUMPS 8% IN A WEEK; GOLD, SILVER ALSO RISE

West Texas Intermediate crude settled at \$39.72 a barrel Friday, its weekly ascent aided by a 6.6% Friday gain helped by an announcement of declining rig count. Gasoline futures were up 4.4% for the week. April 4-8 also represented the best week for gold and silver since mid-March (in fact, it was silver's finest week in over a month). Gold advanced 1.7% in five days on the COMEX, closing Friday at \$1,243.80 an ounce. Silver futures rose 2.0% in the same interval, settling Friday in New York at \$15.38 per ounce.^{3,4}

STOCKS LOSE SOME GROUND

A rocky week ended with 5-day losses for each of the major indices: the S&P 500 fell 1.21% to 2,047.60; the Nasdaq Composite, 1.30% to 4,850.69; and the Dow Jones Industrial Average, 1.21% to 17,576.96. Even so, all three benchmarks were up at least 3.4% month-over-month at Friday's closing bell.⁵

THIS WEEK: Earnings season starts Monday as Alcoa presents Q1 results. On Tuesday, earnings emerge from CSX Corporation and Fastenal. Wednesday, investors consider March retail sales numbers, a new Fed Beige Book, the March PPI, and Q1 results from JPMorgan Chase and Pier 1. New initial claims figures and the March CPI arrive Thursday, plus earnings news from Bank of America, BlackRock, Delta Air Lines, Progressive, and Wells Fargo. Friday offers the preliminary edition of the University of Michigan's April consumer sentiment index, a report on March industrial output and earnings announcements from Charles Schwab, Citigroup, Regions Financial, and Seagate Technology.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.87	-1.82	+8.40	+5.81
NASDAQ	-3.13	-2.02	+14.89	+10.74
S&P 500	+0.18	-1.65	+10.83	+5.81
REAL YIELD	4/8 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.14%	0.08%	0.95%	2.43%

Sources: wsj.com, bigcharts.com, treasury.gov - 4/8/16^{6,7,8,9}

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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