

WEEKLY ECONOMIC UPDATE

May 16, 2016

WEEKLY QUOTE

“Knowledge is the eye of desire and can become the pilot of the soul.”

- Will Durant

WEEKLY TIP

If you sense that you may need some extra income during the first decade of your retirement, explore ways to turn your favorite hobby into a part-time job. Do some networking in your metro area and among fellow hobbyists.

WEEKLY RIDDLE

You can make it, play it, crack it, and tell it. What is it?

Last week's riddle:

I can easily be divided. Within me, you will notice 13 hearts, but no organs. What am I?

Last week's answer:

A deck of cards.

A MAJOR JUMP FOR RETAIL SALES

Friday, the Department of Commerce reported a 1.3% April gain in U.S. retail purchases. The core retail sales advance was also impressive at 0.9%. Minus car and truck buying, retail sales were still up 0.8% last month.¹

IMPROVEMENT IN CONSUMER SENTIMENT

The University of Michigan's much-watched household sentiment index rebounded 6.8 points to 95.8 in its initial May reading. Surveys of Consumers chief economist Richard Curtin cited “frequent income gains, an improved jobs outlook, and the expectation of lower inflation and interest rates” as reasons for the sudden rise.²

WHOLESALE INFLATION PICKS UP

The April Producer Price Index displayed a moderate rise, in contrast to preceding months. Wholesale inflation rose 0.2% last month, 0.3% with food and energy costs subtracted.¹

A DOWN WEEK ON WALL STREET

Despite some notably positive economic indicators, stocks pulled back for the week as first-quarter earnings from major retailers disappointed. The Dow fell hardest, losing 1.16% across five days; the NASDAQ slipped 0.39% for the week; the S&P 500, 0.51%. The three major indices settled on Friday as follows: DJIA, 17,535.32; NASDAQ, 4,717.68; S&P, 2,046.61. Oil was at \$46.29 on the NYMEX as the stock market closed Friday; gold was at \$1,275.20 on the COMEX.^{3,4}

THIS WEEK: Monday, Agilent Technologies reports quarterly results. Wall Street assesses earnings from Home Depot, Red Robin, and TJX Companies on Tuesday, along with the April Consumer Price Index and reports on April industrial output, housing starts and building permits. Wednesday offers minutes from the Federal Reserve's April policy meeting along with earnings from American Eagle Outfitters, Booz Allen Hamilton, Cisco, L Brands, Lowe's, Staples, Take-Two Interactive, Target, Hormel Foods, Urban Outfitters, and Williams-Sonoma. On Thursday, investors will watch for a new initial claims report and earnings releases from Advance Auto Parts, Applied Materials, Autodesk, Bon-Ton, Dick's Sporting Goods, Dollar Tree, Gap, Perry Ellis, Ross Stores, Shoe Carnival, Stein Mart, Toro, and Walmart. April existing home sales numbers arrive Friday, plus earnings news from Campbell Soup, Deere & Co., and Foot Locker.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.63	-2.91	+7.84	+5.41
NASDAQ	-5.79	-5.30	+13.36	+11.02
S&P 500	+0.13	-2.47	+10.60	+5.85
REAL YIELD	5/13 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.13%	0.41%	0.79%	2.47%

Sources: wsj.com, bigcharts.com, treasury.gov - 5/13/16^{5,6,7,8}

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 - philly.com/philly/blogs/economics_in_a_nutshell/April-Retail-Sales-and-Producer-Prices.html [5/13/16]
- 2 - sca.isr.umich.edu/ [5/13/16]
- 3 - online.wsj.com/mdc/public/page/mdc_commodities.html [5/13/16]
- 4 - markets.on.nytimes.com/research/markets/usmarkets/usmarkets.asp [5/13/16]
- 5 - markets.wsj.com/us [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F13%2F15&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F13%2F15&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F13%2F15&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F13%2F11&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F13%2F11&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F13%2F11&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F12%2F06&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F12%2F06&x=0&y=0 [5/13/16]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F12%2F06&x=0&y=0 [5/13/16]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [5/13/16]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [5/13/16]