

WEEKLY ECONOMIC UPDATE

December 5, 2016

WEEKLY QUOTE

“Reprove thy friend privately; commend him publicly.”

- *Solon*

WEEKLY TIP

Jointly owned assets typically avoid probate when one owner dies. With regard to asset transfer, joint ownership can result in a savings of money and time for a surviving spouse.

WEEKLY RIDDLE

Take away the first four letters of this word, and you have something to sleep on. Replace the last three letters with an L, and you have a month of the year. What is this seven-letter word?

Last week's riddle:

A rope ladder dangles over the railing of a boat docked at a lake, its bottom end 4 inches above the water. One day, the lake waters rise 4 inches. How high off the water is the rope ladder now?

Last week's answer:

4 inches. The boat rises with the water, so the gap between water and rope ladder doesn't change.

JOBS REPORT SHOWS UNEMPLOYMENT AT 4.6%

America's jobless rate fell to a nine-year low in November as companies added 178,000 net new jobs. The U-6 rate (including the underemployed decreased) 0.2% to 9.3%. There were some negatives: yearly wage growth moderated to 2.5%, and the labor force participation rate ticked down to 62.7%, in part because of baby boomer retirements.¹

STRONG CONSUMER CONFIDENCE, SPENDING, GDP

As November ended, the Conference Board's monthly consumer confidence index rose 6.3 points to a mark of 107.1. In October, personal spending increased 0.3%, according to the Census Bureau, with personal incomes up 0.6%. The Bureau of Economic Analysis revised third quarter growth upward by 0.3% to 3.2% last week.²

PENDING HOME SALES, HOME PRICES SEE GAINS

The S&P/Case-Shiller 20-city home price index showed a 5.5% annualized gain in its September edition, improved from 5.2% in August. Housing contract activity rose another 0.1% in October, according to the National Association of Realtors.²

MANUFACTURING INDEX IMPROVES

The Institute for Supply Management's November purchasing manager index for the factory sector rose 1.3 points to 53.2, indicating another month of expansion. Analysts polled by MarketWatch had projected a reading of 52.5.²

OIL PRICES SKYROCKET; S&P 500 DECLINES

News of OPEC's oncoming production cut drove WTI crude to its best week since January 2009. Futures settled Friday at \$51.68 on the NYMEX, up 12.2% in five days (including a Thursday-Friday leap of almost 13%). Only the Dow Jones Industrial Average advanced among key Wall Street indices last week, rising 0.10% to 19,170.42. The S&P 500 dipped 0.97% on the week to 2,191.95; the Nasdaq Composite, 2.65% to 5,255.65; and the Russell 2000, 2.45% to 1,314.25.^{3,4}

THIS WEEK: November's ISM non-manufacturing PMI appears Monday. Earnings from Analogic, AutoZone, Bob Evans Farms, Dave & Buster's, Michaels Stores, and Toll Brothers arrive Tuesday, plus a report on October factory orders. Wednesday's earnings parade includes results from Casey's General Stores, Costco, H&R Block, and Lululemon Athletica. A new initial jobless claims report comes out on Thursday, along with earnings from Broadcom, Dell, Hovnanian, and Toro. Friday brings the initial December consumer sentiment index from the University of Michigan.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+10.02	+8.13	+11.90	+5.72
NASDAQ	+4.96	+2.58	+20.01	+11.78
S&P 500	+7.24	+5.41	+15.23	+5.69
REAL YIELD	12/2 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.49%	0.62%	0.00%	2.10%

Sources: wsj.com, bigcharts.com, treasury.gov - 12/2/16^{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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