

WEEKLY ECONOMIC UPDATE

September 4, 2017

WEEKLY QUOTE

“Courage is doing what you’re afraid to do. There can be no courage unless you’re scared.”

- Eddie Rickenbacker

WEEKLY TIP

Has your emergency fund or checking account taken a hit lately? Consider setting up a monthly automatic transfer to help you replenish it.

WEEKLY RIDDLE

What has a neck, yet no head?

Last week’s riddle:

Jon drove past the college where he was enrolled at 60mph, but he wasn’t pulled over or cited, even though a police officer was right behind him. Why?

Last week’s answer:

He was driving on a highway with a speed limit above 60mph.

SEPTEMBER BRINGS A MEDIOCRE JOBS REPORT

The Department of Labor’s latest employment snapshot shows payrolls expanding by 156,000 net new jobs in August. This was a retreat from the job gains of 200,000+ reported in both June and July. The headline jobless rate ticked up to 4.4%; the U-6 rate, which factors in the underemployed, held steady at 8.6%. Annualized wage growth remained stuck at 2.5%.¹

POSITIVE NEWS FROM MAIN STREET

Climbing once again, the Conference Board’s consumer confidence index ascended 2.9 points to 122.9 in August. That topped the forecast of economists surveyed by MarketWatch, who anticipated a 122.5 reading. Additionally, the Department of Commerce said that consumer spending advanced 0.3% in July, up from 0.2% in June. Household incomes rose 0.4% in July; they were unchanged in June.²

ISM: FACTORY SECTOR IN FINE SHAPE

Can the Institute for Supply Management’s manufacturing purchasing manager index top 60 soon? It rose 2.5 points to 58.8 in August, indicating a high degree of expansion. This was the best reading on the index since April 2011. So far in 2017, the factory PMI has averaged a reading of 56.7.³

WALL STREET ENDS THE SUMMER WITH A RALLY

All three major U.S. stock benchmarks gained ground last week. Out in front was the Nasdaq Composite, which added 2.71% in five days to settle at 6,435.33 Friday. The S&P 500 rose 1.37% for the week, closing September 1 at 2,476.55. As for the Dow Jones Industrial Average, it moved north 0.80% to 21,987.56. The CBOE VIX dropped 10.02% in five days to 10.15 at Friday’s closing bell. One last detail worth noting: the NYSE Arca Biotech index jumped 8.98% last week to go up 37.65% on the year.⁴

THIS WEEK: Wall Street is closed Monday for the Labor Day holiday. Investors consider earnings from Casey’s General Stores, Hewlett Packard Enterprise, and the Hudson’s Bay Company on Tuesday, plus a report on July factory orders. A new Federal Reserve Beige Book and the August ISM service sector PMI arrive Wednesday, along with earnings releases from Fred’s and Navistar. Thursday, earnings arrive from Barnes & Noble, Dell Technologies, Hovnanian Enterprises, and Verifone, and a new initial unemployment claims report surfaces. On Friday, Kroger reports quarterly results.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+11.26	+19.37	+13.59	+6.46
NASDAQ	+19.55	+23.11	+21.97	+14.79
S&P 500	+10.62	+14.08	+15.21	+6.80
REAL YIELD	9/1 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.37%	0.12%	-0.68%	2.34%

Sources: wsj.com, bigcharts.com, treasury.gov - 9/1/17^{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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