

WEEKLY ECONOMIC UPDATE

May 22, 2017

WEEKLY QUOTE

“You are the average of the five people you spend the most time with.”

- Jim Rohn

WEEKLY TIP

Some businesses offer their workers life insurance coverage of 1x-3x salary as part of a group benefits package. This is usually insufficient coverage for all but the youngest employees. If your company offers you no option of any additional coverage, explore buying a policy for yourself.

WEEKLY RIDDLE

What four U.S. states have names that start and end with the same vowel?

Last week's riddle:

I am an 8-letter word beginning with s and ending with g, you can make 7 more words by subtracting one letter at a time from me. What word am I?

Last week's answer:

STARTING: Starting-
Staring-String-Sting-
Sing-Sin-In-I.

CONSTRUCTION ACTIVITY SLOWED IN APRIL

Against expectations, both housing starts and building permits declined in the fourth month of the year. Newly released Census Bureau data shows a 2.5% retreat for permits and a 2.6% pullback for starts last month. The key factors: a 9.2% drop in starts for multi-family projects (which have declined for four straight months) and a 4.5% fall for single-family permits.¹

INDUSTRIAL OUTPUT SURGES

Economists polled by Briefing.com expected industrial production to rise 0.3% in April, following a 0.4% advance in March. The number surprised to the upside – the Federal Reserve reported a 1.0% improvement.²

GOLD & WTI CRUDE STAGE MAJOR RALLIES

As both stocks and the dollar hit a rough patch last week, investors turned to commodities. Gold advanced 2.1% on the COMEX in five trading days, settling at \$1,253.60 Friday. Oil gained a little more than 5% for the week to a Friday close of \$50.33 on the belief that OPEC would extend its current production cut.^{3,4}

STOCKS FINISH A CHOPPY WEEK LOWER

Wall Street took a plunge Wednesday on political concerns, then rebounded for two days. Still, all three major indices saw 5-day retreats. The Nasdaq Composite lost 0.61%; the Dow Jones Industrial Average, 0.44%; and the S&P 500, 0.38%. Friday, the big three settled as follows: Dow, 20,804.84; S&P, 2,381.73; Nasdaq, 6,083.70.⁵

THIS WEEK: On Monday, earnings results roll in from Agilent Technologies, America's Car-Mart, Booz Allen Hamilton, Sportsman's Warehouse, and Valspar. Tuesday, the April new home sales report complements earnings news from AutoZone, Container Store, Cracker Barrel Old Country Store, DSW, Intuit, Kirkland's, Popeyes, Take-Two Interactive, and Toll Brothers. On Wednesday, existing home sales numbers appear along with minutes from this month's Federal Reserve policy meeting and earnings from Advance Auto Parts, Chico's FAS, Fred's, GUESS?, HP, Lowe's, Sears Holdings, and Williams-Sonoma. A new initial claims report arrives Thursday, plus earnings news from Abercrombie & Fitch, Best Buy, Burlington Stores, Costco, Dollar Tree, GameStop, Hormel Foods, Lions Gate, Medtronic, Shoe Carnival, and Toro. Friday offers the second estimate of first quarter GDP, the final May University of Michigan consumer sentiment index, data on April hard goods orders, and Q1 results from Big Lots.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+5.27	+19.33	+13.64	+5.35
NASDAQ	+13.01	+29.10	+23.79	+13.78
S&P 500	+6.38	+16.75	+16.78	+5.64
REAL YIELD	5/19 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.41%	0.29%	-0.39%	2.46%

Sources: wsj.com, bigcharts.com, treasury.gov - 5/19/17^{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.

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