

WEEKLY ECONOMIC UPDATE

March 6, 2017

WEEKLY QUOTE

“Education is the ability to listen to almost anything without losing your temper or your self-confidence.”

- Robert Frost

WEEKLY TIP

A National Council on Aging website, benefitscheckup.org, has links to many federal, state, and local programs that help retirees save money on medicines, utilities, health care services, and more. Visit the site to see if you are eligible for them.

WEEKLY RIDDLE

Michelle threw a softball 30 feet, and it didn't hit anything and it came back to her. What did she do to make this happen?

Last week's riddle:

They may be sharp and flat, but they may soothe you rather than hurt you. What are they?

Last week's answer:

Musical notes.

YELLEN: RATE MOVE MAY HAPPEN THIS MONTH

In Chicago Friday, Federal Reserve chair Janet Yellen said that if hiring and inflation indicators continue to meet the central bank's expectations, an interest rate hike “would likely be appropriate” at its March policy meeting. She also noted that, barring unforeseen events, the pace of tightening in the near term “likely will not be as slow as it was during the past couple of years.” After these statements, the Fed futures market put the chance of a March rate increase at 82%.¹

RISING CONFIDENCE, TEMPERED SPENDING

At a mark of 114.8, the Conference Board consumer confidence index reached its highest point in 14½ years in February. Just 20.3% of Americans found jobs “hard to get,” the smallest percentage in eight years. A Department of Commerce report, however, showed only average consumer spending in January: personal spending rose just 0.2% in that month, and it actually slipped 0.3% when adjusted for inflation. Personal incomes grew by 0.4% in the first month of the year.^{2,3}

FACTORIES HUM IN FEBRUARY

The Institute for Supply Management's manufacturing purchasing manager index rose 1.7 points to 57.7 last month. That was its best reading since August 2014. ISM's services gauge also improved; it moved north 1.1 points in February to 57.6.^{3,4}

HOME VALUES RISE NEARLY 6% IN 12 MONTHS

December's S&P/Case-Shiller 20-city house price index showed a 5.8% yearly gain in home appreciation. In the November edition, the advance was 5.6%.⁴

ANOTHER DOW MILESTONE

The Dow Industrials closed above 21,000 for the first time last week, adding 0.88% across five days to settle at 21,005.71 Friday. The S&P 500 rose 0.67% for the week to 2,383.12; the Nasdaq Composite, 0.44% to 5,870.75.⁵

THIS WEEK: Monday brings earnings from Analogic, Casey's General Stores, and Thor Industries. Tuesday, investors consider quarterly results from Alamo Group, Dick's Sporting Goods, H&R Block, Navistar, and Urban Outfitters. Wednesday sees the release of ADP's February payrolls report and earnings from Bob Evans Farms, Hovnanian, Stein Mart, and Valspar. The latest initial unemployment claims figures appear Thursday, plus earnings from El Pollo Loco, Real Goods Solar, Smith Micro, and Verifone. Friday offers the February jobs report from the Department of Labor and Q4 results from Kirkland's.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+6.29	+23.97	+12.37	+7.34
NASDAQ	+9.06	+24.71	+19.45	+14.79
S&P 500	+6.44	+19.55	+14.80	+7.18
REAL YIELD	3/3 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.45%	0.30%	-0.24%	2.15%

Sources: wsj.com, bigcharts.com, treasury.gov - 3/3/17^{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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