

WEEKLY ECONOMIC UPDATE

February 29, 2016

WEEKLY QUOTE

“We are made to persist. That’s how we find out who we are.”

- Tobias Wolff

WEEKLY TIP

Once a year, you should look at your insurance policies (life, disability, any others) to see if your coverage has any weak spots.

WEEKLY RIDDLE

I go back and forth constantly, but I never go forward. What am I?

Last week’s riddle:

Everywhere on earth I am found, I should not make you frown, I will always bring you down, but I will never send you up. What am I?

Last week’s answer:

Gravity.

GOOD NEWS ABOUT CONSUMER SPENDING, Q4 GDP

Personal spending and personal wages both increased 0.5% in January, according to the Bureau of Economic Analysis. The BEA also revised Q4 growth up to 1.0% from its initial estimate of 0.7%. As a footnote to all this, capital goods orders jumped 4.9% in January.¹

CONSUMER CONFIDENCE WANES

The Conference Board’s much-watched monthly index tumbled 5.6 points in February to a 7-month low of 92.2. Rather than a significant monthly fall, the University of Michigan’s consumer sentiment index took only a small one: it declined 0.3 points from its final January mark to a final February reading of 91.7.^{1,2}

HOME PRICES, EXISTING HOME SALES ADVANCE

Despite severe weather in many parts of the nation, existing home sales rose 0.4% in January, the National Association of Realtors announced. The Census Bureau reported a 9.2% fall for new home sales in January, countering an 8.2% ascent in December. The December edition of the 20-city S&P/Case-Shiller home price index showed no monthly advance, but the index rose 5.7% in 2015.¹

SOLID GAINS FOR THE MAJOR INDICES

During the past five trading days, investors saw the S&P 500 rise 1.58% to 1,948.05. The Dow Jones Industrial Average and Nasdaq Composite mirrored that weekly gain, improving 1.51% and 1.91%, respectively, on the way to Friday closes of 16,639.97 and 4,590.47. Like stocks, oil advanced for a second straight week, rising 3.2% in five days and settling at \$32.78 on the NYMEX Friday.^{3,4}

THIS WEEK: Monday offers NAR’s latest pending home sales index and earnings from Acadia Pharmaceuticals, Global Partners, Hertz Global, Magellan Health, and Tribune Media. ISM’s January factory PMI and China’s latest manufacturing PMI appear Tuesday, plus earnings from AutoZone, Bob Evans, Dick’s Sporting Goods, Dollar Tree, Progressive, and TiVo. Wednesday, investors assess the January ADP employment change report and a new Federal Reserve Beige Book, along with earnings announcements from Abercrombie & Fitch, American Eagle Outfitters, Costco, and Weibo. Wall Street looks at the January Challenger job-cut report, a new initial claims report, and ISM’s service sector PMI on Thursday, along with earnings from Barnes & Noble, Broadcom, Burlington Stores, Diamond Foods, H&R Block, Kroger Co., Planet Fitness, Smith & Wesson, and Wingstop. Friday, the Labor Department presents its January employment report, complementing Q4 results from Big Lots and Staples.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-4.51	-8.64	+7.44	+4.99
NASDAQ	-8.33	-7.97	+13.01	+9.90
S&P 500	-4.69	-7.71	+9.52	+5.05
REAL YIELD	2/26 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.35%	0.24%	1.02%	2.04%

Sources: wsj.com, bigcharts.com, treasury.gov - 2/26/16^{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.

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Kappell Wealth Strategies

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Citations.

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