

# WEEKLY ECONOMIC UPDATE

January 16, 2017

## WEEKLY QUOTE

“The best ideas come as jokes. Make your thinking as funny as possible.”

- David Ogilvy

## WEEKLY TIP

In a two-parent household, both parents should have life insurance coverage, even if one of them does not work. If one spouse dies, the money from the life insurance policy can help the surviving spouse pay for child care and education expenses.

## WEEKLY RIDDLE

It is a home with no doors, and when its occupant leaves it cracks and it is no more. What is it?

### Last week's riddle:

It lacks fingers, yet it points. It lacks feet, yet it constantly runs. It lacks arms, yet it may periodically strike. What is it?

### Last week's answer:

A clock.

## RETAIL SALES RISE 0.6%

All of this December gain can be attributed to increased car buying and gasoline purchases; in fact, retail sales were flat with those two categories removed. Analysts surveyed by MarketWatch had projected a 0.8% December advance. Census Bureau data shows that online sales rose 13.2% in 2016, while department store sales fell 8.4%.<sup>1,2</sup>

## CONSUMERS MAINTAIN OPTIMISM AS 2017 BEGINS

The University of Michigan's preliminary January consumer sentiment index was little changed from the final December edition – just a tenth of a point lower at 98.1. In January 2016, the index was at 92.0. The current conditions component of the index reached 112.5, its highest mark since 2004.<sup>3</sup>

## PRODUCER PRICES CLIMB AGAIN

After heading north 0.4% in November, the Producer Price Index advanced another 0.3% in December, perhaps hinting that an extended period of minimal wholesale inflation is now history. The December increase left both the headline and core PPI up 1.6% year-over-year.<sup>1</sup>

## A GOOD WEEK FOR TECH SHARES

Across January 9-13, the Nasdaq Composite added 0.96% to settle at 5,574.12. Wall Street's other two major indices went red for the week – the Dow Jones Industrial Average shed 0.39%; the S&P 500, 0.10%. Friday, the Dow settled at 19,885.73; the S&P, at 2,274.64.<sup>4</sup>

**THIS WEEK:** Wall Street observes Martin Luther King, Jr. Day Monday – U.S. stock and bond markets are closed. Morgan Stanley and UnitedHealth Group announce earnings Tuesday. On Wednesday, Federal Reserve chair Janet Yellen speaks about monetary policy goals in San Francisco, the December CPI and a new Fed Beige Book appear, and investors examine earnings from Charles Schwab, Citigroup, Fastenal, Goldman Sachs, Netflix, Northern Trust, Raymond James, and U.S. Bancorp. Earnings from Alaska Air, American Express, BB&T, Celanese, IBM, J.B. Hunt, Nautilus, and Union Pacific arrive Thursday, along with new data on initial claims, housing starts, and building permits; that night, Janet Yellen talks about the U.S. economic outlook in a California speech. Friday is Inauguration Day: federal offices in Washington, D.C. and its vicinity are closed, but Wall Street is open for business as General Electric, Regions Financial, Schlumberger, and SunTrust Banks present earnings.

| % CHANGE   | Y-T-D     | 1-YR CHG | 5-YR AVG  | 10-YR AVG  |
|------------|-----------|----------|-----------|------------|
| DJIA       | +0.62     | +23.12   | +12.02    | +5.84      |
| NASDAQ     | +3.55     | +23.16   | +21.13    | +12.27     |
| S&P 500    | +1.60     | +20.33   | +15.29    | +5.90      |
| REAL YIELD | 1/13 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.41%     | 0.65%    | -0.14%    | 2.49%      |

Sources: wsj.com, bigcharts.com, treasury.gov - 1/13/17<sup>4,5,6,7</sup>

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.

- 1 - [investing.com/economic-calendar/](http://investing.com/economic-calendar/) [1/13/17]
- 2 - [marketwatch.com/story/retail-sales-climb-06-in-december-2017-01-13/](http://marketwatch.com/story/retail-sales-climb-06-in-december-2017-01-13/) [1/13/17]
- 3 - [sca.isr.umich.edu/](http://sca.isr.umich.edu/) [1/13/17]
- 4 - [markets.wsj.com/us](http://markets.wsj.com/us) [1/13/17]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=1%2F13%2F16&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=1%2F13%2F16&x=0&y=0) [1/13/17]
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- 6 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield) [1/13/17]
- 7 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll) [1/13/17]