

WEEKLY ECONOMIC UPDATE

November 28, 2016

WEEKLY QUOTE

“One accurate measurement is worth a thousand expert opinions.”

- Grace Hopper

WEEKLY TIP

If you are giving cash gifts to relatives this holiday season, make sure that the gifts do not force you into making financial compromises. In helping others, you should not seriously hurt your own finances.

WEEKLY RIDDLE

A rope ladder dangles over the railing of a boat docked at a lake; its bottom end, 4 inches above the water. One day, the lake waters rise 4 inches. How high off of the water is the rope ladder now?

Last week's riddle:

Kathryn decides to donate \$10 million to charity. After she makes the donation, she becomes a multi-millionaire. How is this possible?

Last week's answer:

She was a billionaire before making the donation; after donating the \$10 million, her net worth fell below \$1 billion.

STOCKS SETTLE AT ALL-TIME HIGHS

An abbreviated trading week was also a historic week on Wall Street, as the four key U.S. equity indices all reached new peaks. At Friday's closing bell, the Russell 2000 settled at a record 1,347.20 after its fifteenth straight day of gains; it was up 2.37% for the week. The Dow advanced 1.47% on the week to a Friday close of 19,152.14. Adding 1.42% in three-and-a-half days, the Nasdaq ended the week at 5,398.92. The S&P 500, which finished Friday up more than 3% since the election, rose 1.40% on the week to 2,213.35.^{1,2,5}

EXISTING HOME SALES RISE, NEW HOME SALES FALL

The National Association of Realtors announced a 2.0% gain for resales in October. Existing home sales have kept their momentum, even with inventory down 4.3% and the median sale price up 6.0% in the past year. According to the Census Bureau, new home sales declined 1.9% in October, but were still up 12.7% year-over-year.³

CONSUMER SENTIMENT IMPROVES

At a final November mark of 93.8, the University of Michigan's household sentiment index surpassed the consensus forecast of economists polled by MarketWatch, who expected a 92.0 reading. The index's initial November edition had a reading of 91.6.⁴

DURABLE GOODS ORDERS RISE 4.8%

October's gain in capital goods orders was the largest measured by the Department of Commerce in a year. A 94% increase in commercial aircraft orders was a major factor. Business investment rose 0.4% in October.^{3,4}

THIS WEEK: Shoe Carnival and Thor Industries announce earnings on Monday. On Tuesday, the federal government releases its second estimate of Q3 growth, the Conference Board's November consumer confidence index and the September S&P/Case-Shiller home price index both appear, and Autodesk and Tiffany present Q3 results. Wednesday brings ADP's November employment change report, October consumer spending figures, the October PCE price index, a new Beige Book from the Federal Reserve, the NAR's latest pending home sales index, and earnings from American Eagle Outfitters, Guess, and La-Z-Boy. Thursday, investors look at the latest initial jobless claims figures, the November Challenger job-cut report, November's ISM manufacturing PMI, and earnings from Dollar General, Express, Five Below, Kroger, Land's End, Sears Holdings, and Smith & Wesson. The November employment report from the Department of Labor arrives Friday, along with earnings from Big Lots and Fred's.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+9.91	+7.52	+14.10	+5.60
NASDAQ	+7.82	+5.53	+24.23	+11.94
S&P 500	+8.29	+5.96	+18.21	+5.80
REAL YIELD	11/25 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.47%	0.62%	0.05%	2.27%

Sources: wsj.com, bigcharts.com, treasury.gov - 11/25/16^{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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Citations.

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