

WEEKLY ECONOMIC UPDATE

December 12, 2016

WEEKLY QUOTE

“Art is science made clear.”

- Jean Cocteau

WEEKLY TIP

If you use your own car or truck for business purposes, that vehicle should be insured under a business policy.

WEEKLY RIDDLE

I have roads with no cars, forests with no trees, and cities without people. What am I?

Last week's riddle:

Take away the first four letters of this word, and you have something to sleep on. Replace the last three letters with an L, and you have a month of the year. What is this seven-letter word?

Last week's answer:

Apricot.

SERVICE SECTOR LOOKS VERY HEALTHY

The Institute for Supply Management's monthly services index improved 2.4 points in November to a 57.2 reading. Analysts polled by Briefing.com had expected a small gain to 55.6. It was the PMI's best reading since October 2015, and it marked the 82nd consecutive month of expansion for the non-manufacturing segment of the economy.¹

HOUSEHOLD SENTIMENT SOARS

Rising 4.2 points to a mark of 98.0, December's initial University of Michigan consumer sentiment index came in just a tenth of a point below its most recent (2015) peak. This was one of the index's three highest readings in the last 12 years. The main reason, in the words of University of Michigan economist Richard Curtin: “More consumers spontaneously mentioned the expected positive impact of new economic policies than ever before recorded in the long history of the surveys.”²

OIL FINISHES THE WEEK WITH A FLOURISH

WTI crude advanced 1.22% Friday, reaching \$51.46 a barrel as Wall Street ended its trading day. Gold and silver respectively slipped 1.11% and 1.03% on the same day; gold ending the week at \$1,159.40 an ounce, and silver, at \$16.92 an ounce.³

WILL THE DOW HIT 20,000 BEFORE THE END OF 2016?

Investors are starting to wonder. As stocks closed at record highs Friday, the blue chips settled closer to that potential milestone at 19,756.85. The Dow gained 3.06% on the week. Five-day advances for the S&P 500 and Nasdaq Composite were even greater. The Nasdaq rose 3.59% to 5,444.50 during the week, while the S&P climbed 3.08% to 2,259.53. When the closing bell rang Friday, the S&P was up 4.39% month-over-month, the CBOE VIX volatility index down 17.08% in a month.³

THIS WEEK: Monday, Verifone Systems announces quarterly results. Nothing notable is slated for Tuesday. The Federal Reserve makes an interest rate decision on Wednesday, and in addition to that, Wall Street will react to the November Producer Price Index, reports on November retail sales and industrial output, and earnings from Pier 1 Imports, Progressive and Worthington Industries. November's Consumer Price Index, and the latest initial jobless claims report arrive Thursday, as well as earnings from Adobe Systems, Jabil Circuit, Navistar, Oracle, and Rite Aid. Friday, the Census Bureau releases data on November groundbreaking and building permits, and Carnival presents a new earnings report.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+13.38	+12.95	+12.43	+6.05
NASDAQ	+8.73	+8.39	+21.15	+12.34
S&P 500	+10.55	+10.35	+16.00	+6.03
REAL YIELD	12/9 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.51%	0.69%	0.05%	2.21%

Sources: wsj.com, bigcharts.com, treasury.gov - 12/9/16^{3,4,5,6}

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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