

WEEKLY ECONOMIC UPDATE

May 14, 2018

WEEKLY QUOTE

“The secret of happiness is not in what one likes to do, but in what one has to do.”

- J.M. Barrie

WEEKLY TIP

If you receive a big bonus, a windfall, or a sizable inheritance, you may feel like taking some time out of the workforce. If so, keep in mind that there will be a cost linked to that decision – a lack of earned income, which counts in Social Security benefit calculations.

WEEKLY RIDDLE

I grind my feet upon the earth, my forward motion supported by a metal hearth. What I call food and drink was left behind by changes made in an ancient time. What am I?

Last week's riddle:

I went into the woods and got it. I brought it home in my hand and removed it. What am I talking about?

Last week's answer:

A splinter.

OIL HITS A 4-YEAR PEAK

The price of WTI crude settled at \$71.36 on Thursday, hours after Bank of America Merrill Lynch analysts forecast \$90 oil by spring 2019 and a “risk of \$100 a barrel” Brent crude next year. Thursday’s close was oil’s highest settlement since November 2014. Futures rallied 1.4% on the week after the Trump administration said that the U.S. would exit the Iran nuclear deal and reinstate sanctions against that OPEC member. That implies reduced global oil supply. As of Friday evening, no other OPEC country had committed to produce more oil in response. WTI crude closed at \$70.70 on the NYMEX on Friday.¹

CONSUMER SENTIMENT HOLDS STEADY

At a mark of 98.8, the University of Michigan’s initial May consumer sentiment index was unchanged from its final April reading. At this time in 2017, the index was at 97.1.²

INFLATION PRESSURE MODERATES

In April, the Consumer Price Index rose 0.2%, while the core CPI ticked up just 0.1%. This left annualized inflation unchanged at 2.5%, while yearly core inflation fell 0.1% to 2.1%. Thanks to a mere 0.1% April gain in the Producer Price Index, wholesale inflation rose 2.6% in the 12 months ending in April, down from 3.0% in the year ending in March.³

BIG GAINS FOR EQUITY BENCHMARKS

The S&P 500 advanced 2.41% in five days to a Friday settlement of 2,727.72. Meanwhile, a 2.68% rise took the Nasdaq Composite north to 7,402.88, and the Dow Jones Industrial Average added 2.34% to reach 24,831.17. The Russell 2000 finished the week 2.63% higher at 1,606.79.⁴

THIS WEEK: Agilent Technologies announces earnings on Monday. Tuesday, investors look at April retail sales data and Q1 results from Home Depot. Wednesday’s earnings roster includes results from Cisco, Jack in the Box, Macy’s, NetEase, and Take-Two Interactive; in addition, reports on April industrial output and construction activity emerge. Applied Materials, Nordstrom, JCPenney, and Walmart present earnings Thursday, when the Street also considers the latest initial jobless claims figures and the Conference Board’s April leading indicator index. On Friday, AstraZeneca, Campbell Soup, and Deere & Co. offer earnings calls.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.45	+18.70	+12.85	+9.28
NASDAQ	+7.24	+21.04	+23.08	+19.75
S&P 500	+2.02	+13.92	+13.39	+9.43
REAL YIELD	5/11 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.82%	0.51%	-0.45%	1.41%

Sources: wsj.com, bigcharts.com, treasury.gov - 5/11/18^{4,5,6,7}

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.

**Please feel free to forward this article to family, friends or colleagues.
If you would like us to add them to our distribution list, please reply with their address.
We will contact them first and request their permission to add them to our list.**

Securities offered through SA Stone Wealth Management Inc. Member [FINRA/SIPC](#). Advisory services offered thru Advisory Services offered through SA Stone Investment Advisors Inc

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Citations.

- 1 - marketwatch.com/story/us-oil-prices-hover-at-3-12-year-highs-as-analysts-entertain-the-idea-of-100-crude-2018-05-11 [5/11/18]
- 2 - sca.isr.umich.edu/ [5/11/18]
- 3 - investing.com/economic-calendar/ [5/11/18]
- 4 - markets.wsj.com/us [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F11%2F17&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F11%2F17&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F11%2F17&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F10%2F13&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F10%2F13&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F10%2F13&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F12%2F08&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F12%2F08&cx=0&y=0 [5/11/18]
- 5 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F12%2F08&cx=0&y=0 [5/11/18]
- 6 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [5/11/18]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [5/11/18]