

WEEKLY ECONOMIC UPDATE

April 16, 2018

WEEKLY QUOTE

“Truth burns up error.”

- *Sojourner Truth*

WEEKLY TIP

As your career in the medical, legal, or tech sector progresses, you may build significant wealth, and you may need more than just term life insurance. Later in life, you could face issues that call for liquidity after your death. Permanent life insurance may help to address them.

WEEKLY RIDDLE

The oldest of two sisters is 4 years old. The little sister is half her age. When the big sister is 100, how old will the little sister be?

Last week's riddle:

When you say its name, it is no longer there. What is it?

Last week's answer:

Silence.

CONSUMER SENTIMENT INDEX DESCENDS SLIGHTLY

In its initial April edition, the University of Michigan's survey of household sentiment saw its index decline to 97.8 from its final March reading of 101.4. The survey's chief economist, Richard Curtin, believed that “uncertainty surrounding the evolving [U.S.] trade policy” affected the reading, but he added that “confidence still remains relatively high.”¹

A SURPRISE RETREAT FOR THE HEADLINE CPI

Economists polled by Briefing.com assumed the Consumer Price Index would rise 0.1% in March. Instead, it fell by that amount, largely due to a dip in gasoline costs. Core consumer inflation increased 0.2% and matched their expectations. Looking at the big picture, the Department of Labor said that consumer prices were up 2.4% year-over-year through March.^{2,3}

OIL SOARS AS POSSIBILITY OF SYRIA STRIKE LOOMS

Light sweet crude rose 8.6% in five days on the NYMEX, breaking a 2-week losing streak and settling at \$67.39 Friday. That was oil's best close since December 2014.⁴

STOCKS CLIMB AS EARNINGS SEASON BEGINS

Less anxiety about tariffs and renewed optimism about tech and financial shares led the market higher last week. The S&P 500 gained 1.99% in five days to settle at 2,656.30 Friday. The Dow Industrials rose 1.79% to a Friday close of 24,360.14, and the Nasdaq Composite added 2.77%, wrapping up Friday's trading day at 7,106.65. Wall Street's “fear index,” the CBOE VIX, declined 18.99% for the week.⁵

THIS WEEK: On Monday, Bank of America, Celanese, and Netflix present Q1 results, and March retail sales numbers also arrive. Tuesday, earnings from Comerica, CSX, Goldman Sachs, IBM, Johnson & Johnson, Northern Trust, and UnitedHealth appear, plus data on March construction activity. Wednesday's earnings roll call includes Abbott Labs, Alcoa, American Express, Fred's, Morgan Stanley, U.S. Bancorp, and United Rentals; investors will also consider a new Federal Reserve Beige Book. BoNY Mellon, BB&T, Blackstone Group, E*TRADE, GATX, KeyCorp, Novartis AG, Nucor, Pentair, Philip Morris, Quest Diagnostics, Snap-On, Sonoco Products, and W.W. Grainger report earnings on Thursday, when new initial jobless claims numbers are also released. GE, Honeywell International, Procter & Gamble, Regions Financial, Schlumberger, State Street, SunTrust Banks, and Waste Management announce earnings Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-1.45	+19.10	+12.78	+9.80
NASDAQ	+2.94	+22.42	+23.14	+21.23
S&P 500	-0.65	+14.06	+13.44	+10.00
REAL YIELD	4/13 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.69%	0.32%	-0.68%	1.23%

Sources: wsj.com, bigcharts.com, treasury.gov - 4/13/18^{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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Ellen Dorle, CFP Dorle Financial, LLC 7957 Olentangy River Road Columbus, OH 43235
edorle@ellendorle.com www.ellendorle.com 614-880-0064 Fax: 614-880-0067

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