

WEEKLY ECONOMIC UPDATE

January 15, 2018

WEEKLY QUOTE

“Always do right.
This will gratify some
people and astonish
the rest.”

- Mark Twain

WEEKLY TIP

If your business is growing, make sure that its outstanding invoices do not grow in proportion to its expansion. Keep rein over your accounts receivable.

WEEKLY RIDDLE

You will never see it.
It brings you down,
but never up. What is it?

Last week's riddle:

The more of them you add, the less something will weigh. What are they?

Last week's answer:

Holes.

RETAIL SALES ROSE IN DECEMBER

Consumers spent freely during the holidays: the latest Census Bureau report shows a nice advance for retail purchases. They improved 0.4% last month, with core retail sales up by the same amount.¹

PRODUCER PRICES UNEXPECTEDLY RETREAT

In December, wholesale inflation declined for the first time in 18 months. Even with that 0.1% dip, the Producer Price Index advanced 2.6% for 2017, compared with 1.7% in 2016. Households contended with 2.1% inflation during 2017 according to the Consumer Price Index, which ticked up 0.1% last month. Core consumer prices rose 0.3% in December, so the 2017 core CPI gain was 1.8%.^{1,2}

OIL CLIMBS AGAIN

Last week, prices benefited from reduced reserves and extensions of U.S. sanctions relief against Iran. West Texas Intermediate crude settled at \$64.30 Friday on the NYMEX, advancing 4.7% across five trading days. That was its highest price since December 2014.³

ANOTHER SOLID WEEK FOR EQUITIES

Bulls still far outnumber bears on Wall Street, as last week's major index performances show. For the week, the Dow Jones Industrial Average rose 2.01% to 25,803.19; the Nasdaq Composite, 1.74% to 7,261.06; the S&P 500, 1.57% to 2,786.24. The last five market days also brought a 2.05% gain for the Russell 2000. The PHLX Oil Service index ended the week up 23.24% month-over-month.⁴

THIS WEEK: U.S. financial markets are mostly closed on Martin Luther King Jr. Day (futures do trade on Monday morning). Citigroup, Comerica, CSX, and UnitedHealth Group release earnings on Tuesday. Wednesday's earnings announcements include news from Alcoa, Bank of America, Fastenal, Goldman Sachs, and U.S. Bancorp; in addition, the Federal Reserve offers a new Beige Book. On Thursday, American Express, BoNY Mellon, BB&T, J.B. Hunt, IBM, KeyCorp, and Morgan Stanley announce earnings; investors will consider new initial claims data and a report on December construction activity as well. Friday, Regions Financial, Schlumberger, and SunTrust Bank report earnings, and the preliminary January consumer sentiment index from the University of Michigan appears.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+4.39	+29.72	+18.26	+10.47
NASDAQ	+5.18	+30.89	+26.46	+19.76
S&P 500	+4.21	+22.72	+17.86	+9.89
REAL YIELD	1/12 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.54%	0.38%	-0.63%	1.56%

Sources: wsj.com, bigcharts.com, treasury.gov - 1/12/18^{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.

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Citations.

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