

WEEKLY ECONOMIC UPDATE

February 19, 2018

WEEKLY QUOTE

“Courage is resistance to fear, mastery of fear – not absence of fear.”

- Mark Twain

WEEKLY TIP

If at all possible, avoid taking a loan from your workplace retirement plan. If you withdraw funds from it before age 59½, you will usually incur a penalty, and you will be drawing down money that should be left to grow and compound in a tax-favored account.

WEEKLY RIDDLE

You can crack it, share it, tell it, make it, or play it. What is it? Can you name it?

Last week's riddle:

Cheryl was driving a black car. Its lights were off, and there was no moonlight. A cat walked into the middle of the road. How did she know to stop?

Last week's answer:

She was driving in the daylight.

INFLATION SUDDENLY INTENSIFIES

The Consumer Price Index rose 0.5% in January, its greatest month-over-month advance since January 2017. Core inflation (minus food and energy prices) increased 0.3%, marking the largest monthly gain in almost 13 years.¹

RETAIL SALES PACE SLOWS

Contradicting perceptions that the economy might be overheating, retail purchases fell 0.3% in January. Minus car buying, retail sales would have been unchanged for a second straight month, as a Department of Commerce revision rendered the previously announced December gain flat.²

DEVELOPERS BUILT MORE IN JANUARY

Groundbreaking increased 9.7% last month, according to a Census Bureau report. The first month of the year also brought a 7.4% rise in building permits.³

TAILWINDS RETURN TO WALL STREET

In the wake of the correction, the major indices rebounded nicely last week. The Nasdaq Composite led the way, rising 5.31% to a Friday settlement of 7,239.47. Bulls also sent the Dow Industrials and S&P 500 much higher: the Dow gained 4.25% on the week to 25,219.38, while the S&P rose 4.30% to 2,732.22. The CBOE VIX volatility index is certainly on a wild ride: it fell 33.52% across last week to 19.32, but remained up 75.00% YTD. In the commodities sector, oil staged a notable comeback, rallying 4.2% in five days to finish the week at \$61.68 on the NYMEX.^{4,5}

THIS WEEK: Monday is Presidents Day: U.S. financial markets are closed. The earnings roll call for Tuesday includes results from Cardtronics, Cracker Barrel, Domino's Pizza, Duke Energy, Fluor, Fresh Del Monte Produce, Home Depot, HSBC, Medtronic, Noble Energy, Public Storage, Sempra Energy, Transocean, and Walmart. On Wednesday, Wall Street considers January existing home sales, minutes from the Federal Reserve's January policy meeting, and earnings from Avis Budget Group, Cheesecake Factory, Dish Network, Garmin, Kaiser Aluminum, Owens Corning, Pandora Media, Roku, Sunoco, and Wendy's. A new initial jobless claims report arrives on Thursday, plus earnings news from Bloomin' Brands, Chesapeake Energy, Edison International, First Solar, GoDaddy, Herbalife, Hewlett-Packard, Hormel, Intuit, Planet Fitness, Wayfair, and Wingstop. Huntsman and KBR present earnings Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.02	+22.31	+16.07	+10.42
NASDAQ	+4.87	+24.50	+25.36	+21.18
S&P 500	+2.19	+16.40	+15.96	+10.24
REAL YIELD	2/16 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.78%	0.43%	-0.53%	1.48%

Sources: wsj.com, bigcharts.com, treasury.gov - 2/16/18^{4,6,7,8}

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.

**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.**

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

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 - thestreet.com/story/14488773/1/bond-yields-surge-as-investors-anticipate-rate-hikes-following-inflation-uptick.html [2/14/18]
- 2 - marketwatch.com/story/us-retail-sales-slump-in-january---and-december-doesnt-look-so-good-now-either-2018-02-14/ [2/16/18]
- 3 - investing.com/economic-calendar/ [2/16/18]
- 4 - markets.wsj.com/us [2/16/18]
- 5 - marketwatch.com/story/us-oil-benchmark-aims-for-3-day-win-streak-ahead-of-rig-data-2018-02-16 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F16%2F17&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F16%2F17&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F16%2F17&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F15%2F13&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F15%2F13&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F15%2F13&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F15%2F08&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F15%2F08&x=0&y=0 [2/16/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F15%2F08&x=0&y=0 [2/16/18]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [2/16/18]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [2/16/18]