Ellen Dorle, CFP Presents:

WEEKLY ECONOMIC UPDATE

January 8, 2018

LOW UNEMPLOYMENT, BUT LESS HIRING

The Department of Labor's latest jobs report announced a headline unemployment rate of only 4.1% in December, but it also showed companies adding just 148,000 net new workers last month. Even so, net payroll growth averaged 204,000 during the last three months. In hiring terms, the health care sector grew more than any other industry in 2017, expanding by 300,000 jobs. Wages rose 2.5% last year. The broader U-6 jobless rate, encompassing the underemployed, ticked up a tenth of a point to 8.1%, which was still half a percent below its level of a year ago.[1]

MORE FACTORY ACTIVITY DURING THE HOLIDAYS

December saw U.S. manufacturers pick up their pace. The Institute for Supply Management's purchasing manager index for the factory sector surprised to the upside with a fine reading of 59.7. Economists polled by Briefing.com had projected the PMI to decline 0.2 points to 58.0. ISM's non-manufacturing PMI fell in December, weakening 1.5 points to a reading of 55.9.[2]

WTI CRUDE CONTINUES TO RALLY

Finishing at $61.41 on the NYMEX Friday, it advanced 1.7% last week. Investor concern over anti-government protests in Iran and stateside data showing smaller crude reserves helped. Oil settled at $62.01 Thursday, which was a peak unmatched in roughly three years.[3]

A SHORT, NOTEWORTHY WEEK STARTS THE YEAR

During January 2-5, the Dow Jones Industrial Average topped 25,000 and the Nasdaq Composite went above 7,000. The blue chips ended the week at 25,295.87; the Nasdaq, at 7,136.56; the S&P 500, at 2,743.15. The 4-day gains: Dow, 2.18%; Nasdaq, 3.35%; S&P, 2.50%. The CBOE VIX wrapped up the week down at 9.22.[4,5]

THIS WEEK: Nothing major is scheduled for Monday or Tuesday. On Wednesday, KB Home, Lennar, and Supervalu present earnings. The December Producer Price Index appears Thursday, plus a new initial claims report. Friday, a new earnings season starts off with announcements from BlackRock, Infosys, JPMorgan Chase, PNC Financial, and Wells Fargo, and three important economic indicators arrive for consideration – the December retail sales report from the Department of Commerce, the December Consumer Price Index, and the preliminary January consumer sentiment index from the University of Michigan.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.18	+27.12	+17.66	+9.76
NASDAQ	+3.35	+30.04	+26.02	+18.49
S&P 500	+2.50	+20.90	+17.41	+9.43
REAL YIELD	1/5 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.46%	0.42%	-0.55%	1.56%

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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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