

WEEKLY ECONOMIC UPDATE

April 3, 2017

WEEKLY QUOTE

“Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful.”

- Albert Schweitzer

WEEKLY TIP

When financing a new car purchase, try applying for a loan before you shop for a vehicle. Preapproval gives you negotiating strength – you can challenge the dealership to beat the financing you have already lined up.

WEEKLY RIDDLE

What contains thousands of ears, but hears absolutely nothing?

Last week's riddle:

I am a word of four letters. I begin and end with the same letter. Take my beginning and ending letters away and I am a friendly greeting rather than a place. What word am I?

Last week's answer:
Ohio.

PERSONAL SPENDING SLOWS

Consumers apparently chose saving over spending in the second month of the year. Last week, a Department of Commerce report noted only a 0.1% gain for personal spending in February. That happened even with personal incomes rising 0.4%, nearly matching the 0.5% January advance. In other news concerning personal spending, the Bureau of Economic Analysis raised its estimate of fourth-quarter GDP to a final reading of 2.1% from the previous 1.9%.¹

HOUSEHOLDS MAINTAIN THEIR OPTIMISM

The Conference Board's much-watched consumer confidence index came in at 125.6 for March, soaring 9.5 points to a level unseen since December 2000. Economists polled by Reuters expected the index to descend slightly to 114.0. Losing 0.7 points from its preliminary March result, the University of Michigan's household sentiment index remained high at 96.9.^{1,2}

A BOOST FOR PENDING HOME SALES

Housing contract activity increased 5.5% in February by the estimate of the National Association of Realtors, more than reversing January's 2.8% decline. The latest S&P/Case-Shiller 20-city home price index (January) showed a 0.2% seasonally adjusted monthly gain and a 5.7% year-over-year improvement.¹

A GREAT QUARTER ENDS WITH GAINS

The past five trading days left the three major indices higher: during March 27-31, the Nasdaq Composite advanced 1.42%; the S&P 500, 0.80%; and the Dow Jones Industrial Average, 0.32%. The quarter-ending settlements: Dow, 20,663.22; Nasdaq, 5,911.74; S&P, 2,362.72. Of the three, only the Nasdaq had a winning March, but the year-to-date column in the table below confirms the strength of the first quarter.³

THIS WEEK: Monday, the Institute for Supply Management releases its March manufacturing PMI. A report on February factory orders appears Tuesday. Wednesday, investors consider minutes from the March Federal Reserve policy meeting, the latest ISM service sector PMI, a fresh ADP payrolls report, and earnings from Bed Bath & Beyond, Monsanto, Rite Aid, and Walgreens Boots Alliance. The March Challenger job-cut report and new initial claims figures arrive Thursday, along with earnings from CarMax, Constellation Brands, Fred's, Ruby Tuesday, and WD-40. The Department of Labor issues its March employment report on Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+4.56	+16.84	+11.28	+6.73
NASDAQ	+9.82	+21.39	+18.24	+14.41
S&P 500	+5.53	+14.71	+13.55	+6.63
REAL YIELD	3/31 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.43%	0.16%	-0.09%	2.21%

Sources: wsj.com, bigcharts.com, treasury.gov - 3/31/17^{3,4,5,6}
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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