

WEEKLY ECONOMIC UPDATE

December 11, 2017

WEEKLY QUOTE

“One’s dignity may be assaulted, vandalized and cruelly mocked, but it can never be taken away unless it is surrendered.”

- Michael J. Fox

WEEKLY TIP

Consider buying used capital equipment in good condition for your company rather than new equipment. Sometimes, lenders will auction off assets from foreclosed businesses. Through such auctions, you could, potentially, realize big savings.

WEEKLY RIDDLE

What flies without any wings?

Last week’s riddle:

What round, white container hides a tasty delight within it, and requires no keys to open?

Last week’s answer:

An egg.

ANOTHER MONTH OF SOLID HIRING

According to the Department of Labor, the U.S. workforce gained 228,000 more jobs than it lost during November. Annualized wage growth improved from 2.5% to 2.7%. The headline jobless rate held at 4.1% last month, while the U-6 rate, that includes the underemployed, ticked up a tenth of a percent to 8.0%. Even though October’s net job gain was revised down to 244,000, October-November 2017 represents the best two-month hiring period in more than a year.^{1,2}

ISM INDEX MISSES EXPECTATIONS

The Institute for Supply Management’s gauge of service sector activity fell 2.7 points to a still-impressive reading of 57.4 in November. Economists polled by Briefing.com expected a retreat, albeit a lesser one: they projected a reading of 59.3.²

A SMALL DECLINE FOR CONSUMER SENTIMENT

There was just a bit less optimism in households in early December, at least by the measure of the University of Michigan’s twice-monthly Surveys of Consumers. The preliminary December edition of the university’s consumer sentiment index fell 1.7 points from its final November reading to a mark of 96.8.²

TWO OF THREE MAJOR INDICES RISE

Once again, the Nasdaq Composite gave up ground across five trading sessions while the S&P 500 and Dow Jones Industrial Average advanced. The tech benchmark lost only 0.11% last week on its way to a 6,840.08 Friday close. The same stretch brought gains of 0.40% for the Dow and 0.35% for the S&P; their respective Friday settlements were 24,329.16 and 2,651.50. Dropping 16.19% last week, the CBOE VIX volatility gauge went back under 10, closing Friday at 9.58. Settling at 1,521.72 Friday, the small-cap Russell 2000 lost 1.00% for the week.³

THIS WEEK: Casey’s General Stores announces Q3 earnings Monday. Tuesday, the November Producer Price Index comes out, and Verifone presents Q3 results. The Federal Reserve is widely expected to raise the benchmark interest rate Wednesday; the November Consumer Price Index also appears for Wall Street’s consideration. Thursday brings federal government reports on initial jobless claims and November retail sales, plus earnings from Costco and Jabil Circuit. A Federal Reserve report on November industrial output arrives Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+23.11	+24.03	+16.99	+7.86
NASDAQ	+27.07	+26.26	+25.94	+15.28
S&P 500	+18.43	+18.04	+17.40	+7.62
REAL YIELD	12/8 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.50%	0.45%	-0.86%	1.86%

Sources: wsj.com, bigcharts.com, treasury.gov - 12/8/17^{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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