

WEEKLY ECONOMIC UPDATE

March 27, 2017

WEEKLY QUOTE

“I have found that if you love life, life will love you back.”

- Arthur Rubinstein

WEEKLY TIP

Spending three or four dollars a day on energy drinks and other “superfoods” may be unwarranted. A balanced diet could provide you with all the vitamins and nutrients you need, for less money and with less hype.

WEEKLY 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 riddle:

Marshall is reading a book in his basement when the lights go out. He keeps on reading, even without any light sources. How is he able to keep reading?

Last week's answer:

He is blind, and the book is printed in Braille.

NEW HOME SALES GO ONE WAY, REALES ANOTHER

Rising 6.1% in February, new home sales reached a 7-month peak. The Census Bureau said that this gain occurred with just 5.4 months of inventory on the market, less than half that available in 2006 during the height of the last residential real estate boom. In contrast, the National Association of Realtors reported a 3.7% retreat for existing home sales last month, with increasing mortgage rates, high prices, and limited supply as major factors.¹

A GAIN FOR DURABLE GOODS ORDERS

A Census Bureau report noted a 1.7% improvement in February, following January's 2.3% advance. Core hard goods orders did retreat 0.1% last month.²

LIGHT SWEET CRUDE BREAKS 4-DAY LOSING STREAK

Friday's small gain in the price of oil marked the first daily advance for the commodity since March 17. Across March 20-24, crude prices declined 1.7% as news broke of record stockpiles; it was the third losing week for oil in the past month. WTI crude settled at a NYMEX price of \$47.97 Friday.³

VOLATILITY RETURNS, MAJOR INDICES DECLINE

Investors were less confident last week than they had been in some time. Across five trading days, the Dow Jones Industrial Average fell 1.52% to 20,596.72; the Nasdaq Composite, 1.22% to 5,828.74; and the S&P 500, 1.44% to 2,343.98. The CBOE VIX gained 14.89% for the week, which still left it down 7.69% for the year.⁴

THIS WEEK: Monday, nothing major is scheduled. Tuesday, Federal Reserve chair Janet Yellen speaks at an economic development conference in Washington, D.C., the Conference Board releases its March consumer confidence index, the January S&P/Case-Shiller home price index arrives, and in addition, Wall Street will look at earnings from Carnival, Darden Restaurants, and Sonic. On Wednesday, U.K. prime minister Theresa May is expected to officially trigger Article 50 of the Lisbon Treaty, formally beginning the Brexit; stateside, the NAR issues its February pending home sales report, complementing earnings news from Lululemon Athletica and Paychex. Thursday brings both a new initial jobless claims report and the third estimate of Q4 growth from the federal government, along with Q4 results from Dell Technologies. Friday offers the University of Michigan's final March consumer sentiment index, February consumer spending figures, and the latest PCE price index.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+4.22	+17.59	+11.49	+6.50
NASDAQ	+8.28	+22.11	+18.00	+13.80
S&P 500	+4.70	+15.13	+13.55	+6.32
REAL YIELD	3/24 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.42%	0.34%	-0.11%	2.19%

Sources: wsj.com, bigcharts.com, treasury.gov - 3/24/17^{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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