

# WEEKLY ECONOMIC UPDATE

January 30, 2017

## WEEKLY QUOTE

“True silence is the rest of the mind; it is to the spirit what sleep is to the body, nourishment and refreshment.”

- William Penn

## WEEKLY TIP

If you want to retire to another area, think about whether it makes sense for you financially as well as socially. Will you be able to find part-time work there, if needed? Could local economic factors make the area less affordable for you someday?

## WEEKLY RIDDLE

Double S, double P, it has four Is and not one C. What oft-seen 11-letter word is this?

### Last week's riddle:

A bus without passengers pulls into Tucson, where 10 passengers board it. In Las Cruces, 5 passengers get off the bus, and twice as many passengers get on as in Tucson. Then in El Paso, 25 passengers get off the bus. How many people are on the bus as it leaves El Paso?

### Last week's answer:

Just one person – the bus driver.

## HOUSEHOLD SENTIMENT GAUGE RISES AGAIN

The University of Michigan's Index of Consumer Sentiment gained 0.4 points from its preliminary reading this month to reach a final January mark of 98.5. That represents a 12-year peak for the index, which stood at 92.0 in January 2016.<sup>1,2</sup>

## HOME SALES FELL IN DECEMBER

Given costlier mortgages, rising prices, and tight inventory, the December retreat for resales was not surprising. The National Association of Realtors said that existing home sales slipped by 2.8% last month. New home sales dropped 10.4%, but the Census Bureau stated that they increased 12.2% for 2016, marking the best year for new home buying since 2007.<sup>3</sup>

## FIRST ESTIMATE OF Q4 GDP: 1.9%

If that Department of Commerce appraisal holds, it will mean that the economy grew just 1.9% for all of 2016, contrasting with 2.6% expansion in 2015. Hard goods orders fell 0.4% in December, but rose 1.7% minus defense orders.<sup>2</sup>

## DOW TOPS 20,000, STOCKS REGAIN MOMENTUM

Leaving some mid-January doldrums behind, the major indices rallied nicely last week. The Dow advanced 1.34% to 20,093.78; the Nasdaq Composite, 1.90% to 5,660.78; and the S&P 500, 1.03% to 2,294.69. The CBOE VIX “fear index” finished the week down at 10.53.<sup>4</sup>

**THIS WEEK:** Monday offers reports on December personal spending and pending home sales. The Conference Board's monthly consumer confidence index and a new Case-Shiller home price index appear Tuesday, along with earnings from Aetna, Aflac, Ally Financial, Anadarko Petroleum, Apple, Chubb, Coach, Eli Lilly, ExxonMobil, Harley-Davidson, MasterCard, Nucor, Pfizer, Sprint, Under Armour, UPS, U.S. Steel, Valero Energy, and Xerox. Wednesday, the Federal Reserve wraps up a policy meeting, ADP's January payrolls report and ISM's January manufacturing PMI arrive, and Allstate, Altria, AmeriGas, Ameriprise Financial, Anthem, Avery Dennison, Celanese, Energizer Holdings, Exelon, Facebook, Ingersoll-Rand, MetLife, Pitney Bowes, and Symantec all announce earnings. Thursday's earnings parade includes results from Amazon, Amgen, Callaway Golf, Chipotle, Cigna, ConocoPhillips, Coty, Estee Lauder, GoPro, Hanesbrands, International Paper, Motorola Solutions, Parker, Philip Morris, Merck, Ralph Lauren, Ryder, SiriusXM, SkyWest, Snap-On, and Visa; also, Challenger issues January job-cut data, and new initial claims figures are released. Investors consider the January ISM services PMI and January hiring figures Friday, plus earnings from AutoNation, Clorox, Hershey, Phillips 66, Regis, and Weyerhaeuser.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.68	+26.02	+11.74	+6.09
NASDAQ	+5.16	+26.69	+20.20	+13.24
S&P 500	+2.50	+21.87	+14.86	+6.14
REAL YIELD	1/27 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.41%	0.62%	-0.18%	2.48%

Sources: wsj.com, bigcharts.com, treasury.gov - 1/27/17<sup>4,5,6,7</sup>

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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