

# WEEKLY ECONOMIC UPDATE

July 17, 2017

## WEEKLY QUOTE

“Competition is a painful thing, but it produces great results.”

- Jerry Flint

## WEEKLY TIP

Disability insurance can help to protect your income if you are too sick or hurt to work. If employer-provided disability insurance is absent or inadequate, look at buying a personal policy.

## WEEKLY RIDDLE

Multiply all the numbers on your phone's keypad. What number do you get?

**Last week's riddle:**  
What goes up and down stairs without moving in many homes and offices?

**Last week's answer:**  
Carpet.

## INFLATION PRESSURE WEAKENS

The Consumer Price Index was unchanged in June, according to the Bureau of Labor Statistics. That left its yearly advance at only 1.6%, nearly half a point below the Federal Reserve's target (the core CPI was up 1.7%). After the announcement, some economists and market strategists wondered whether the Fed would rethink its plans for a third interest rate hike in 2017. The Producer Price Index rose 0.1% in June, leaving its yearly increase at 2.0%.<sup>1,2</sup>

## RETAIL SALES, CONSUMER SENTIMENT INDEX DECLINE

For the second month in a row, households scaled back their retail purchases – retail sales were down 0.2% in June following a 0.1% May decline. Core sales fell 0.2% after a May retreat of 0.3%. The University of Michigan's preliminary July consumer sentiment index lost 2.0 points off its final June mark to a reading of 93.1.<sup>1,2</sup>

## OIL RALLIES

A projection of rising demand and news of a pipeline shutdown in Nigeria sent the price of light sweet crude 5.2% higher in a week. WTI crude settled at \$46.54 on the NYMEX Friday, its best close since July 3.<sup>3</sup>

## DOW ENTERS RECORD TERRITORY AGAIN

Friday, the Dow 30 notched its third straight record close: 21,637.74. At the same time, the S&P 500 also settled at a new record of 2,459.27. The Nasdaq Composite finished Friday's market day at 6,312.47, a half-percent away from its all-time peak. For the week, the Dow rose 1.04%; the S&P, 1.41%; the Nasdaq, 2.59%.<sup>4,5</sup>

**THIS WEEK:** Monday's earnings parade includes announcements from BlackRock, Charles Schwab, J.B. Hunt, and Netflix. On Tuesday, Wall Street examines earnings from Bank of America, CSX, Comerica, Goldman Sachs, Harley-Davidson, IBM, Johnson & Johnson, Lockheed Martin, TD Ameritrade, and UnitedHealth Group. Wednesday sees data on June housing starts and building permits, plus earnings from American Express, Fidelity National Financial, Morgan Stanley, Northern Trust, Qualcomm, T-Mobile, U.S. Bancorp, United Rentals, and W.W. Grainger. A new weekly initial claims report arrives Thursday, plus earnings news from Abbott Labs, Alliance Data Systems, American Airlines Group, BB&T, BoNY Mellon, Capital One, Cintas, eBay, E\*TRADE, GATX, KeyCorp, Microsoft, NCR, Nucor, Philip Morris, Sherwin-Williams, Skechers, Snap-On, Travelers Companies, Union Pacific, Visa, and Whirlpool. On Friday, Colgate-Palmolive, Fifth Third Bancorp, General Electric, Honeywell International, Regions Financial, Schlumberger, and SunTrust Banks present earnings.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+9.49	+16.92	+13.87	+5.56
NASDAQ	+17.26	+25.40	+23.41	+13.32
S&P 500	+9.85	+13.66	+16.25	+5.84
REAL YIELD	7/14 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.57%	0.08%	-0.59%	2.73%

Sources: wsj.com, bigcharts.com, treasury.gov - 7/14/17<sup>5,6,7,8</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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Website: [www.fulcrumfinancialgroup.com](http://www.fulcrumfinancialgroup.com)



Sarah Carlson CFP®, CLU, CHFC.

1403 S. Grand Blvd. Suite 201 N.  
Spokane, WA 99203  
p. 509-747-2075  
f. 509-456-2438

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