

WEEKLY ECONOMIC UPDATE

April 9, 2018

WEEKLY QUOTE

“No trumpets sound when the important decisions of our life are made. Destiny is made known silently.”

- Agnes de Mille

WEEKLY TIP

If you are divorcing, be sure to call the card issuers of your joint credit card accounts. Let them know that you are going through a divorce and that you would like to cancel the joint account and open one in your name alone.

WEEKLY RIDDLE

When you say its name, it is no longer there. What is it?

Last week's riddle:

Weight within my stomach, trees on my back, nails in my ribs, and feet I lack. What am I?

Last week's answer:

A ship.

HIRING WEAKENED IN MARCH

Payrolls expanded by only 103,000 net new jobs last month, according to the latest employment report from the Department of Labor. Some economists wondered if harsh weather distorted the number (job growth was also poor in March 2015 and March 2017). The main jobless rate stayed at 4.1%; the broader U-6 rate, counting the underemployed, fell 0.2% to 8.0%, an 11-year low. Yearly wage growth was at 2.7%. Lastly, February's huge net job gain was revised up by 13,000 to 326,000.¹

TRADE TENSIONS PERSIST

Thursday night, the Trump administration announced the possibility of \$100 billion of additional tariffs on Chinese imports. In response, the Chinese government issued a statement saying it would “fight back firmly.” Earlier on Thursday, China had presented a list of U.S. goods that could face up to \$50 billion in future excise taxes in that nation. Secretary of the Treasury Steven Mnuchin told the media Friday afternoon that U.S. and Chinese officials are both pursuing a resolution to the tariffs battle, stating: “We’re absolutely willing to negotiate.”²

ISM INDICES: ANOTHER IMPRESSIVE MONTH

The Institute for Supply Management's two closely watched purchasing manager indices were lower in March, but their readings still indicated burgeoning U.S. service and factory sectors. ISM's service sector Purchasing Managers Index (PMI) declined 0.7 points to a mark of 58.8, while its manufacturing industry PMI settled 1.5 points lower at 59.3.³

APRIL BEGINS WITH VOLATILITY

After five days of rollercoastering, the major stock indices ended the week notably lower, as investor worries about tariffs and tech giants continued. Across five trading sessions, the S&P 500 fell 1.38% to 2,604.47; the Nasdaq Composite, 2.10% to 6,915.11; the Dow Jones Industrial Average, 0.71% to 23,932.76. Oil prices fell 4.6% for the week over concerns about U.S.-China trade and a boost in the number of rigs in operation.^{4,5}

THIS WEEK: Nothing major is slated for Monday. The March Producer Price Index appears on Tuesday. Minutes from the last Federal Reserve policy meeting arrive Wednesday, along with the March Consumer Price Index and quarterly results from Bed Bath & Beyond and Fastenal. On Thursday, BlackRock and Rite Aid present earnings, and investors also consider the latest initial claims figures. Earnings season is in full swing Friday with announcements from Citigroup, Infosys, JPMorgan Chase, PNC Financial Services Group, and Wells Fargo; complementing all that, the University of Michigan releases its preliminary April consumer sentiment index.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-3.18	+15.82	+12.86	+8.98
NASDAQ	+0.17	+17.62	+23.17	+19.24
S&P 500	-2.59	+10.48	+13.54	+8.98
REAL YIELD	4/6 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.70%	0.39%	-0.74%	1.23%

Sources: wsj.com, bigcharts.com, treasury.gov - 4/6/18^{4,6,7,8}

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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