

# WEEKLY ECONOMIC UPDATE

June 12, 2017

## WEEKLY QUOTE

“Shut out all of your past except that which will help you weather your tomorrows.”

- William Osler

## WEEKLY TIP

One option that might help you leave more of your assets to charity when you pass away: put provisions in your estate planning documents that allow heirs to individually disclaim some or all of their inheritance in favor of a charitable donation. The disclaimed portion of the inheritance that is donated to charity will not be subject to estate tax.

## WEEKLY RIDDLE

I often stand straight and tall. I can illuminate your wall or hall. If you push me, I may fall. What am I?

**Last week's riddle:**  
What 10-letter word has three consecutive pairs of letters in its middle? (It starts with the letter B.)

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

## AN UPBEAT REPORT ON THE SERVICE SECTOR

The Institute for Supply Management's May non-manufacturing purchasing manager index displayed a reading of 56.9 last week, showing expansion in U.S. service industries for an eighty-ninth straight month. Although the gauge declined 0.6 points from its April mark, it signaled a solid pace of growth. The index's employment component rose 6.4 points to a mark of 57.8, as 15 industries added workers in May. The PMI has averaged a reading of 55.9 over the past 12 months.<sup>1</sup>

## FACTORY ORDERS DECLINED IN APRIL

According to a new Census Bureau report, they decreased 0.2%. That marked their first month-over-month retreat of 2017. The 0.2% gain for March factory orders, however, was revised up to 1.0%. Orders increased by an average of 0.7% per month in the first quarter.<sup>2</sup>

## ABUNDANT SUPPLY HURTS OIL

WTI crude lost 3.8% during June 5-9, tumbling to a \$45.83 settlement on the NYMEX Friday. The U.S. rig count rose again last week, as it has every week for the past five months. While OPEC has vowed to reduce production by 1.2 million barrels per day, daily American oil output has increased by almost 600,000 barrels, so far, this year.<sup>3</sup>

## TWO MAJOR INDICES RETREAT; A THIRD RISES

Last week, the Nasdaq Composite fell 1.55% to 6,207.92, while the S&P 500 dipped 0.30% to 2,431.76. On the other hand, the Dow Jones Industrial Average managed to gain 0.31% on its way to a Friday close of 21,271.28. The CBOE VIX volatility index soared 17.03% for the week, settling Friday at 11.41.<sup>4</sup>

**THIS WEEK:** Nothing major is scheduled for Monday. The Bureau of Labor Statistics releases the May Producer Price Index on Tuesday; in addition, H&R Block and Wiley announce quarterly results. Wednesday, investors react to the Federal Reserve's latest monetary policy decision, the May Consumer Price Index, the May retail sales report, and quarterly results from Jabil and Liberty Tax. A new initial jobless claims report arrives on Thursday, plus a report on May industrial output and earnings announcements from Bob Evans Farms and Kroger. On Friday, the University of Michigan's preliminary June consumer sentiment index appears, along with data on May housing starts and building permits.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+7.63	+18.27	+13.89	+5.85
NASDAQ	+15.32	+25.19	+23.44	+14.12
S&P 500	+8.62	+14.95	+16.69	+6.13
REAL YIELD	6/9 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.43%	0.12%	-0.50%	2.69%

Sources: wsj.com, bigcharts.com, treasury.gov - 6/9/17<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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Website: [www.fulcrumfinancialgroup.com](http://www.fulcrumfinancialgroup.com)



Sarah Carlson CFP<sup>®</sup>, CLU, CHFC.

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

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