

WEEKLY ECONOMIC UPDATE

July 3, 2017

WEEKLY QUOTE

“Every individual matters. Every individual has a role to play. Every individual makes a difference.”

- Jane Goodall

WEEKLY TIP

Millennials who create a budget can get a clear picture of their cash flow and income and thereby figure out exactly how much they can afford to contribute to retirement savings accounts.

WEEKLY RIDDLE

I have an eye, yet cannot see the ground around me. I take time to generate, yet in seconds I can dissipate. What am I?

Last week's riddle:

Tom tells Phillip that a faded, worn ten-dollar bill is worth more than a newer one. In what way is he correct?

Last week's answer:

A ten-dollar bill will always be worth more than a newer one (a one-dollar bill).

HOUSEHOLD EARNINGS OUTPACE SPENDING

According to newly released Department of Commerce data, personal incomes improved 0.4% in May, but personal spending advanced just 0.1% after a 0.4% gain in April. Core consumer prices (minus food and energy costs) rose only 1.4% during the 12 months ending in May.^{1,2,3}

WERE CONSUMERS MORE CONFIDENT IN JUNE?

By the looks of the University of Michigan's monthly household sentiment index, no – that gauge fell 2.0 points to a mark of 95.1. On the other hand, the Conference Board's consumer confidence index rose 1.3 points to a reading of 118.9.^{2,3}

PENDING HOME SALES WEAKEN

A National Association of Realtors report showed housing contract activity declining by 0.8% in May. This follows a 1.7% dip for pending home sales in April.³

FIRST-QUARTER GDP REVISED HIGHER

Apparently, the opening three months of 2017 were not as economically sluggish as first thought. The Bureau of Economic Analysis released its third, concluding estimate of Q1 growth Thursday, modifying the number again to 1.4% from the previous revision to 1.2%.³

TECH SHARES SELL OFF AGAIN, STOCKS RETREAT

Volatility resurfaced in the tech and health care sectors last week, and as institutional investors reduced their holdings in firms within those industries, the effect rippled through all three major equity indices. For the week, the S&P 500 fell 0.61% to a Friday settlement of 2,423.41. The Nasdaq Composite slumped 1.99% to 6,140.42 by Friday, while the Dow Jones Industrial Average finished the week 0.21% lower at 21,349.63. Even so, Wall Street can look back on a fine first half for stocks. The S&P 500 just recorded its best 6-month gain since 2013.^{4,5}

THIS WEEK: Wall Street takes a half-day on Monday, with stock trading wrapping up at 1:00pm EST; during the abbreviated session, investors will consider the June ISM factory PMI. Stock and bond markets are closed Tuesday for the July 4th holiday. Minutes from the June Federal Reserve policy meeting arrive Wednesday, plus May factory orders data. Thursday, the latest Challenger job-cut report and ADP payrolls report complement new initial claims figures and ISM's June service sector PMI. On Friday, the Department of Labor issues its June employment report, and the Federal Reserve Board hands its semi-annual monetary policy report to Congress.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+8.03	+19.07	+13.15	+5.92
NASDAQ	+14.07	+26.80	+21.84	+13.59
S&P 500	+8.24	+15.46	+15.58	+6.12
REAL YIELD	6/30 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.58%	0.48%	-0.46%	2.65%

Sources: wsj.com, bigcharts.com, treasury.gov - 6/30/17^{5,6,7,8}

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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