

WEEKLY ECONOMIC UPDATE

February 6, 2017

WEEKLY QUOTE

“Achievement is largely the product of steadily raising one’s levels of aspiration and expectation.”

- Jack Nicklaus

WEEKLY TIP

Be sure to study your potential Medicare choices in the years before you turn 65. Evaluate whether you should go with original Medicare (and Part D coverage) or a Part C plan.

WEEKLY RIDDLE

It doesn’t have eyes, but once it held two. It once held thoughts, but is now empty. What could it be?

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

Last week’s answer: Mississippi.

POSITIVES & NEGATIVES IN JANUARY’S JOB DATA

The Department of Labor’s latest jobs report showed 227,000 net new hires last month. Unfortunately, wages grew just 0.1% in January as the headline jobless rate rose slightly to 4.8%. The U-6 rate, counting the underemployed, rose 0.2% to 9.4%.¹

STRONG CONSUMER CONFIDENCE & SPENDING

While the Conference Board’s monthly consumer confidence index declined 1.5 points in January, it remained at a high level with a 111.8 reading. Personal spending improved 0.5% in December, with personal incomes up 0.3%.²

ISM INDICES SHOW FURTHER SECTOR EXPANSION

The Institute for Supply Management’s purchasing manager indices were at high levels in January. ISM’s factory index gained 1.5 points to 56.0. Its service sector gauge ticked down 0.1 points to 56.5, but that still signaled solid growth.³

DODD-FRANK ACT FACES A REVIEW

Through an executive order issued Friday, President Donald Trump authorized a review of this law aimed at regulating activities of big banks. According to the *New York Times*, the directive also calls for major sections of Dodd-Frank to be revised.⁴

MINOR PROGRESS FOR THE S&P 500

The Federal Reserve stood pat on interest rates, bank shares rose on the Dodd-Frank news, and January hiring totals exceeded forecasts. These developments helped stocks make small weekly gains. In five days, the S&P 500 rose 0.12% to 2,297.42, and the Nasdaq 0.11%, to 5,666.77. The Dow lost 0.11% to settle at 20,071.46 Friday.⁵

THIS WEEK: CNA Financial, Hasbro, Loews Corp., Sysco, Tesoro, 21st Century Fox, and Tyson Foods announce earnings Monday. Tuesday’s earnings roll call features results from Akamai, Aramark, Archer Daniels Midland, Buffalo Wild Wings, Container Store, General Motors, Genworth Financial, Gilead Sciences, Lennox, Michael Kors, Mosaic, NETGEAR, O’Reilly, Panera Bread, Penske, Spirit Airlines, Take-Two Interactive, Vulcan Materials, and Walt Disney Co. Wednesday, earnings emerge from Alaska Air, Allergan, Exelon, GlaxoSmithKline, Goodyear, Humana, Prudential Financial, Time Warner, W.R. Grace, and Whole Foods. New initial claims numbers arrive Thursday, plus earnings from Activision Blizzard, Advance Auto Parts, Beazer, Coca-Cola, Cummins, CVS Health, Dunkin’ Brands, Expedia, Gannett, Kellogg, Kemper, NCR, Nvidia, Occidental Petroleum, Pandora, Skechers, Twitter, Viacom, Western Union, Yelp, Yum! Brands, and Zynga. Friday, the University of Michigan’s latest household sentiment index appears, plus Q4 results from CBRE Group.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.56	+22.86	+11.21	+5.86
NASDAQ	+5.27	+25.81	+19.01	+12.89
S&P 500	+2.62	+20.12	+14.16	+5.86
REAL YIELD	2/3 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.44%	0.50%	-0.21%	2.42%

Sources: wsj.com, bigcharts.com, treasury.gov - 2/3/17^{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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