

# WEEKLY ECONOMIC UPDATE

May 15, 2017

## WEEKLY QUOTE

“Let yourself be silently drawn by the strange pull of what you really love. It will not lead you astray.”

- Rumi

## WEEKLY TIP

Your retirement may last 20 years or longer. So, while you might want to invest more conservatively with age, you may not want to abandon equity investments that give you the potential to grow your savings at a rate faster than inflation.

## WEEKLY RIDDLE

I am an 8-letter word beginning with s and ending with g, you can make 7 more words by subtracting one letter at a time from me. What word am I?

## Last week's riddle:

It is worn on the road, it is nearly always dirty, and it only comes in one color. What is it?

## Last week's answer:

A tire.

## A SOLID RETAIL SALES READING

Americans bought more in April. The pace of retail purchases hastened by 0.4% last month, and the Bureau of Economic Analysis revised the 0.2% March retreat into a 0.1% gain. Headline retail sales were up 4.5% across the 12 months ending in April. Core retail sales rose 0.3% in the fourth month of the year.<sup>1,2</sup>

## INFLATION PICKS UP AS SPRING ARRIVES

After falling 0.3% for March, the Consumer Price Index rose 0.2% last month. (The major factor: a 1.1% leap for energy costs.) This increase left annualized inflation at 2.2%. The core CPI (minus food and energy prices) advanced 0.1% in April. On the wholesale front, the Producer Price Index jumped up 0.5% in April, taking its year-over-year advance to 2.5%.<sup>1,2</sup>

## A GAIN FOR A CONSUMER SENTIMENT INDEX

The University of Michigan's monthly barometer of household sentiment rose 0.7 points in its preliminary May reading to a mark of 97.7. Its consumer expectations component advanced 1.1 points to a reading of 88.1.<sup>2</sup>

## MAJOR INDICES RIDE THROUGH A MIXED WEEK

Earnings misses from big retailers weighed on the S&P 500, which declined 0.35% across five trading sessions to a 2,390.90 Friday close. The Dow Jones Industrial Average gave back 0.53% in the same time frame, ending the week at 20,896.61. The Nasdaq Composite, however, advanced 0.34% last week to 6,121.23. At the closing bell Friday, all three indices were up 2.1% or more for the month.<sup>3</sup>

**THIS WEEK:** Monday, Cumulus Media presents Q1 results. Dick's Sporting Goods, Home Depot, Jack in the Box, Red Robin, Staples, TJX Companies, Urban Outfitters, and Weibo announce earnings Tuesday, as investors also consider data on April industrial output, housing starts, and building permits. On Wednesday, the earnings parade features American Eagle Outfitters, Cisco, L Brands, Stein Mart, and Target. Thursday, Wall Street looks at the Department of Labor's latest initial jobless claims numbers, the Conference Board's April leading indicators index, and earnings from Alibaba, Applied Materials, Autodesk, Gap, Perry Ellis, Ralph Lauren, Ross Stores, Stage Stores, and Walmart. Earnings announcements from Campbell Soup, Deere, and Foot Locker arrive Friday.

| % CHANGE   | Y-T-D     | 1-YR CHG | 5-YR AVG  | 10-YR AVG  |
|------------|-----------|----------|-----------|------------|
| DJIA       | +5.74     | +17.92   | +12.60    | +5.68      |
| NASDAQ     | +13.71    | +29.21   | +21.73    | +13.89     |
| S&P 500    | +6.79     | +15.83   | +15.33    | +5.88      |
| REAL YIELD | 5/12 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.49%     | 0.15%    | -0.28%    | 2.30%      |

Sources: wsj.com, bigcharts.com, treasury.gov - 5/12/17<sup>3,4,5,6</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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## Citations.

- 1 - [thetreet.com/story/14132954/1/s-amp-p-500-dow-decline-after-retail-sales-rebound-buoys-rate-hike-odds.html](http://thetreet.com/story/14132954/1/s-amp-p-500-dow-decline-after-retail-sales-rebound-buoys-rate-hike-odds.html) [5/12/17]
- 2 - [investing.com/economic-calendar/](http://investing.com/economic-calendar/) [5/12/17]
- 3 - [markets.wsj.com/us](http://markets.wsj.com/us) [5/12/17]
- 4 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F12%2F16&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F12%2F16&x=0&y=0) [5/12/17]
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- 6 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll) [5/12/17]