

WEEKLY ECONOMIC UPDATE

February 13, 2017

WEEKLY QUOTE

“I’m convinced that about half of what separates the successful entrepreneurs from the non-successful ones is pure perseverance.”

- Steve Jobs

WEEKLY TIP

Many people stay with the same bank for decades. Online tools now make it easier to compare various banks. If you find your bank’s fees irritating or its ATM network insufficient, you can explore your options.

WEEKLY RIDDLE

Call loudly it does for great distances, thanks to its hard shell and tongue. Yet it will never breathe in making its noise, for it has no lung. What is it?

Last week’s 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 answer:

A skull.

CONSUMER SENTIMENT SLIPS A BIT

The University of Michigan’s preliminary February index of consumer sentiment came in at a reading of 95.7 Friday, compared with a final January mark of 98.5 (which was a 13-year peak). Economists polled by Bloomberg had expected a slight decline to 98.0. While this was the index’s lowest level in three months, it still topped many of the monthly readings from 2016.¹

HOW IS EARNINGS SEASON GOING?

Nearly two-thirds of S&P 500 members have issued Q4 results so far. As Zacks Investment Research noted Wednesday, more than 69% of these S&P components have beaten earnings-per-share estimates; more than 54% have surpassed revenue forecasts. Total Q4 earnings for S&P firms are projected to rise 7.3% over Q4 2015, the strongest annual earnings growth since Q4 2014.²

GOLD GAINS AS OIL WAVERS

Gold futures advanced 1.12% on the COMEX during a choppy week to a Friday settlement of \$1,233.30. Light sweet crude for March delivery dipped at midweek, but then rebounded, settling at \$53.81 Friday for a 5-day retreat of just 0.09%.³

STOCKS PUSH HIGHER

Wall Street rallied strongly Friday after President Trump (and the White House) mentioned an upcoming outline for business and individual income tax reform. For the week, the S&P 500 gained 0.81% to 2,316.10; the Nasdaq, 1.19% to 5,734.13; and the Dow, 0.99% to 20,269.37.^{4,5}

THIS WEEK: On Monday, Noble Energy, Rent-A-Center, and Snyder’s-Lance offer earnings news. Tuesday, Federal Reserve chair Janet Yellen begins two days of testifying to Congress on monetary policy; the January PPI also arrives, plus earnings from Agilent Technologies, AIG, Devon Energy, Dr. Pepper Snapple, Express Scripts, Molson Coors, and T-Mobile. Reports on January retail sales and industrial output appear Wednesday, along with the January CPI and earnings announcements from Analog Devices, Applied Materials, Avis Budget Group, CBS, Choice Hotels, Cisco, Denny’s, GoDaddy, Groupon, Hilton Worldwide Holdings, Huntsman, Kraft Heinz, Marathon Oil, Marriott International, NetApp, NetEase, PepsiCo, TiVo, TripAdvisor, and Wyndham Worldwide. Thursday offers fresh data on building permits, housing starts, and initial claims; investors also review earnings from Avon, Boise Cascade, Cabela’s, Dean Foods, DISH Network, Duke Energy, Hyatt, and Waste Management. Bloomin’ Brands, Campbell Soup, Deere, Fluor, J.M. Smucker, and Spectra Energy announce earnings Friday.

| % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG |
|------------|-----------|----------|-----------|------------|
| DJIA | +2.56 | +27.36 | +11.67 | +6.11 |
| NASDAQ | +6.52 | +33.86 | +19.49 | +13.31 |
| S&P 500 | +3.45 | +25.07 | +14.50 | +6.11 |
| REAL YIELD | 2/10 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.40% | 0.50% | -0.24% | 2.43% |

Sources: wsj.com, bigcharts.com, treasury.gov - 2/10/17^{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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Citations.

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