

WEEKLY ECONOMIC UPDATE

March 20, 2017

WEEKLY QUOTE

“Life is not so important as the duties of life.”

- John Randolph

WEEKLY TIP

Does your will or estate plan take your pets into account? If you have no heirs, or if no heirs or family members want the responsibility of caring for them if you die, provisions should be made on their behalf.

WEEKLY RIDDLE

Marshall is reading a book in his basement when the lights go out. He keeps on reading, even without any light sources. How is he able to keep reading?

Last week's riddle:

It can brighten any room, yet not take up any space. What is it?

Last week's answer:

Light.

FED HIKES, LEAVES 2017 FORECAST UNCHANGED

As expected, the Federal Reserve raised the target range for the federal funds rate by a quarter-point last week to 0.75-1.00%. “The simple message is, the economy is doing well,” Fed chair Janet Yellen explained to the media following the move. The central bank’s dot-plot table still projects two more rate increases during the balance of 2017, with three rate hikes envisioned for both 2018 and 2019.¹

INFLATION PRESSURE EASES

February’s Consumer Price Index displayed only a 0.1% gain, compared to 0.6% in January. Core consumer prices moved 0.2% higher. The small February increase still left the headline CPI up 2.7% in the past 12 months. The Producer Price Index rose 0.3% for February, putting its yearly advance at 2.2%.²

SMALL GAINS IN SENTIMENT, RETAIL SALES

The initial March University of Michigan consumer sentiment index came in at 97.6 Friday, 1.3 points above its final February mark. Thanks mainly to “improved personal finances” among households, the index’s current economic conditions component hit a 17-year high. A Census Bureau report showed retail purchases up 0.1% in February, 0.2% with car and gasoline buying factored out.^{2,3}

CALM WEEK SEES SMALL STOCK MARKET ADVANCE

Wall Street saw the March 15 Federal Reserve policy decision as an affirmation of the economy’s health; equities investors were not at all riled. Ending the week at 5,901.00, the Nasdaq Composite gained 0.67% in five days. The S&P 500 rose 0.24% in the same period to settle at 2,378.25 Friday, while the Dow Jones Industrial Average added just 0.06% across five trading sessions on the way to a Friday close of 20,914.62. Losing 3.26% in five days, the CBOE Volatility Index ended the week at 11.28.⁴

THIS WEEK: Monday, nothing major is scheduled. Earnings announcements from FedEx, General Mills, Lands’ End, Nike, and Steelcase appear Tuesday. Wednesday, Wall Street reviews February existing home sales and earnings reports from Cintas, Five Below, Perry Ellis, and Winnebago. Thursday morning, Federal Reserve chair Janet Yellen delivers a keynote address at a Fed conference in Washington, D.C.; in addition, investors will eye the latest initial claims report, February’s new home sales report, and earnings news from Accenture, GameStop, KB Home, Micron Technology, Shoe Carnival, and Sportsman’s Warehouse. Friday offers a report on February hard goods orders and Q4 results from Finish Line.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+5.83	+19.64	+11.61	+7.27
NASDAQ	+9.62	+23.58	+18.63	+14.87
S&P 500	+6.23	+16.55	+13.87	+7.15
REAL YIELD	3/17 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.49%	0.34%	-0.09%	2.16%

Sources: wsj.com, bigcharts.com, treasury.gov - 3/17/17^{4,5,6,7}

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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