

WEEKLY ECONOMIC UPDATE

November 13, 2017

WEEKLY QUOTE

“I have found the best way to give advice to your children is to find out what they want and then advise them to do it.”

- Harry S. Truman

WEEKLY TIP

You may know a young adult who is so unsure about the investment world that they refrain from investing at all. Share what you know, or introduce them to a financial professional who can provide knowledge.

WEEKLY RIDDLE

Wherever you notice me, I'll be in a row.
My name has no letters, but my initials are MNO.
What am I?

Last week's riddle:

I am heartless and spineless, and spend most of my time in the dark. When you encounter me, I may try to sting you. What am I?

Last week's answer:

A jellyfish.

CONSUMER SENTIMENT INDEX DECLINES

The University of Michigan's monthly gauge of U.S. household sentiment fell to 97.8 in its initial November edition; analysts polled by Bloomberg estimated it would tick up to 100.8. While the 2.9-point dip from its final October level was the largest drop in a year, the index remained near a 13-year peak. Sixty percent of the consumers surveyed felt that stocks would rise in 2018.¹

Q3 EARNINGS: A LOOK AT THE SCORECARD

As of Friday, 87% of S&P 500 companies had reported third-quarter earnings. An analysis from Zacks Investment Research reveals that 73% have topped earnings forecasts; 67% have surpassed revenue estimates. So far, the earnings growth rate for S&P 500 firms in the third quarter is 6.8%, with revenues rising 6.2%. Zacks expects total earnings for the quarter to be 6.2% higher than Q3 2016, with year-over-year income growth at 5.7%.²

OIL CAPS OFF A STRONG WEEK

Light sweet crude rose to its highest level in 28 months last week before settling slightly lower: \$56.67 was the NYMEX price at Friday's NYSE closing bell. At that time, WTI crude was up 1.8% from its November 3 close.³

A SLIGHT PULLBACK ON WALL STREET

Uncertainty about the potential for tax code reform led to some weakness in stocks over the past five trading days. The S&P 500 fell 0.21% for the week to 2,582.30; the Nasdaq Composite retreated 0.20% to 6,750.94. Blue chips took a deeper loss: the Dow Jones Industrial Average declined 0.50% to 23,422.21. The week was much rougher for the Russell 2000, which gave back 1.31% on the way to a Friday settlement of 1,475.27. The CBOE VIX ended the week at 11.29, rising 23.52% in five days.⁴

THIS WEEK: Monday, Tyson Foods presents Q3 results. On Tuesday, the October Producer Price Index arrives as well as earnings from Aramark and Beazer Homes. Wall Street looks at last month's retail sales figures and Consumer Price Index on Wednesday, plus earnings from Cisco, L Brands, NetEase, and Target. Thursday, reports on initial jobless claims and October industrial output complement earnings from Best Buy, Gap, Viacom, and Walmart. Friday, the Census Bureau issues a report on October housing starts and building permits.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+18.52	+24.53	+16.55	+7.96
NASDAQ	+25.41	+29.61	+26.48	+15.69
S&P 500	+15.34	+19.14	+17.43	+7.76
REAL YIELD	11/10 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.52%	0.27%	-0.83%	1.82%

Sources: wsj.com, bigcharts.com, treasury.gov - 11/10/17^{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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