

WEEKLY ECONOMIC UPDATE

February 22, 2016

WEEKLY QUOTE

“A hunch is creativity trying to tell you something.”

- Frank Capra

WEEKLY TIP

Every two years, you should check to see if your retirement strategy needs adjusting in light of life events and changing goals.

WEEKLY RIDDLE

Everywhere on earth I am found, I should not make you frown, I will always bring you down, but I will never send you up. What am I?

Last week's riddle:

Switch one letter each from the words “plus” and “minus” to the other word, and you have two entirely new words. What are they?

Last week's answer:

Plum and sinus.

WALL STREET HAS ITS BEST WEEK OF 2016

Across four trading days, the S&P 500 rose 2.84% and the Dow Jones Industrial Average, 2.62%; the Nasdaq Composite beat them both with a 3.85% gain. The Friday settlements: Dow Jones, 16,391.99; Nasdaq, 4,504.43; S&P, 1,917.78. WTI crude settled at \$29.64 on the NYMEX Friday and gold at \$1,230.80 on the COMEX.¹

WHOLESALE PRICES OUTPACE CONSUMER PRICES

Core producer prices rose 0.4% in January according to the Bureau of Labor Statistics, with the headline Producer Price Index up 0.1%. The Consumer Price Index was flat in January, with the core index up 0.3%; core consumer prices rose 2.2% across the 12 months ending in January.²

BUILDERS STARTED FEWER PROJECTS LAST MONTH

January saw a 0.2% decline in building permits and a 3.8% dip in housing starts. Permits are still outpacing starts, so both Commerce Department indicators could see gains in February.³

INDUSTRIAL OUTPUT IMPROVES 0.9% IN JANUARY

This was the largest monthly increase reported by the Federal Reserve since November 2014, and it included a 0.5% advance for the manufacturing sector. Prior to January, five months had passed without a gain in industrial production.³

THIS WEEK: Wall Street looks at earnings from Allergan, Dillard's, Fitbit, Motorola Solutions, and Republic Airways on Monday. January existing home sales figures, the December Case-Shiller home price index, and the Conference Board consumer confidence index appear Tuesday, plus earnings from Avis Budget Group, Cablevision, Cracker Barrel, Dollar Tree, HealthSouth, Home Depot, J.M. Smucker, Macy's, Office Depot, Papa John's, Popeye's, and Toll Bros. Wednesday sees January new home sales numbers and earnings from Chesapeake Energy, Etsy, L Brands, La Quinta Holdings, Lowe's, NetEase, Sunoco, Target, TJX, and Transocean. Thursday offers reports on initial claims and January capital goods orders, plus earnings from AMC Networks, Baidu, Best Buy, Campbell Soup, Domino's, Gap, Health Net, Healthways, Icahn Enterprises, iHeart Media, Ingram Micro, Intuit, Kohl's, Kraft Heinz, Live Nation, Monster Beverage, Pinnacle Foods, Sears Holdings, Palo Alto Networks, and Sprouts. January personal spending figures, the second estimate of Q4 GDP, and the University of Michigan's final January consumer sentiment index arrive Friday, plus earnings from Berkshire Hathaway, Foot Locker, Hilton Worldwide Holdings, J.C. Penney, KBR, and Sempra Energy.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-5.93	-8.86	+6.46	+4.81
NASDAQ	-10.04	-8.53	+11.79	+9.91
S&P 500	-6.17	-8.57	+8.56	+4.95
REAL YIELD	2/19 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.50%	0.37%	1.25%	2.03%

Sources: wsj.com, bigcharts.com, treasury.gov - 2/19/16^{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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Citations.

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