

WEEKLY ECONOMIC UPDATE

May 9, 2016

WEEKLY QUOTE

“He not busy being born is busy dying.”
- Bob Dylan

WEEKLY TIP

In your business budget, think of your marketing costs as a percentage of sales, somewhere between 2-10%. If you are building a brand, those costs might need to approach or exceed 20% of sales.

WEEKLY RIDDLE

I can easily be divided. Within me, you will notice 13 hearts, but no organs. What am I?

Last week's riddle:

It cannot see and it feels no pain, despite matter constantly going through its eye. What is it?

Last week's answer:

A sewing needle.

APRIL JOBS REPORT RAISES QUESTIONS

Employers hired 160,000 more workers than they let go last month, and that net job gain was the smallest since September. Does this suggest a job market losing steam, or does it hint at an economy nearing full employment? The hiring number may make the Federal Reserve reconsider the possibility of a June interest rate hike. Average hourly wages improved to \$25.53 in April, up 2.5% year-over-year. While the main jobless rate remained at 5.0%, the U-6 rate, counting both the unemployed and underemployed, declined 0.1% to 9.7%.¹

MORE EXPANSION IN FACTORY & SERVICE SECTORS

Both of the Institute for Supply Management's purchasing manager indices were above the critical 50 level (indicating growth) in April. ISM's manufacturing index came in at 50.8, its non-manufacturing index at 55.7. Economists surveyed by MarketWatch expected a 51.4 reading for the factory PMI and a 54.7 reading for the services PMI.²

OIL SETTLES UNDER \$45

Light sweet crude closed at \$44.66 Friday on the NYMEX, down 2.7% for the week on perceptions that near-term supply was exceeding demand. Gold got a boost from the disappointing jobs data, settling at \$1,294.00 Friday to go up 0.3% for the week.^{3,4}

WALL STREET SEES A MINOR WEEKLY RETREAT

Across May 2-6, the S&P 500 lost 0.40% to 2,057.14; the Nasdaq Composite, 0.82% to 4,736.16; and the Dow Jones Industrial Average, 0.19% to 17,740.63. Headwinds included the underwhelming jobs report, the weaker-than-expected ISM factory PMI and the week's dip in oil prices.⁵

THIS WEEK: On Monday, earnings from Chimerix, Hertz Global, Nautilus, Novatel Wireless, TeamHealth, and Tyson Foods arrive. Dean Foods, Electronic Arts, Norwegian Cruise Line, Planet Fitness, Tribune Media, and Walt Disney Co. present earnings Tuesday. Wednesday, the earnings parade includes announcements from Aramark, Jack in the Box, Macy's, NetEase, Weibo, and Wendy's. Thursday, the latest initial claims figures complement earnings news from Dillard's, Kohl's, Nordstrom, Ralph Lauren, Shake Shack, and Symantec. April retail sales data, the April Producer Price Index, and the initial May consumer sentiment index from the University of Michigan all appear Friday, along with Q1 results from J.C. Penney.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.81	-0.57	+8.07	+5.32
NASDAQ	-5.42	-3.73	+13.50	+10.22
S&P 500	+0.65	-1.11	+10.70	+5.52
REAL YIELD	5/6 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.18%	0.34%	0.71%	2.45%

Sources: wsj.com, bigcharts.com, treasury.gov - 5/6/16^{6,7,8,9}
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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