

Presents:

WEEKLY ECONOMIC UPDATE

August 17, 2015

WEEKLY QUOTE

“The family is the country of the heart.”
- Giuseppe Mazzini

WEEKLY TIP

Marrying soon? Just married? If you are good with money and your spouse is not, your ability to pay the bills from a joint checking or savings account may one day be impeded. Think about maintaining a separate savings or checking account for yourself; that may even help your credit rating.

WEEKLY RIDDLE

It grows down, yet it also grows up. What is it?

Last week's riddle:

There is a 7-letter word that starts with BR and ends in G, and if you put an E in it, you get an 8-letter word that sounds the same yet has a different meaning. Name these two words.

Last week's answer:

Braking and breaking.

SHOPPERS SPEND MORE IN JULY

Retail sales rose 0.6% last month according to Commerce Department data, topping the 0.5% gain projected in a Briefing.com poll of economists. This was great news after the flat June reading (which was initially recorded as an 0.3% decline).¹

A SLIGHT DIP IN HOUSEHOLD SENTIMENT

Falling 0.2 points to a mark of 92.9, the initial August University of Michigan consumer sentiment index nearly matched the 92.8 reading projected by economists surveyed by MarketWatch. Although this was the index's second-lowest reading of 2015, it was still 10.4 points above where it was a year earlier.^{2,3}

WHOLESALE INFLATION INCREASED IN JULY

The Labor Department reported a 0.2% gain for the Producer Price Index last month, following the 0.4% advance in June. The core PPI also rose 0.2% in July. Annualized wholesale inflation was still at -0.8% through July thanks to falling energy prices. U.S. automakers boosted production 10.6% in July, leading to the 0.6% rise in overall industrial output reported by the Federal Reserve.³

WALL STREET HOLDS UP AFTER YUAN WEAKENS

China devalued its currency for three straight days last week, but U.S. equities withstood that surprise. The S&P 500 advanced 0.68% for the week to 2,091.54, the Nasdaq 0.09% to 5,048.24 and the Dow 0.61% to 17,477.40. The devalued yuan certainly helped gold – the yellow metal had its best week in almost a month, rising 1.7% on the COMEX to a Friday close of \$1,112.70. Light sweet crude, on the other hand, declined another 3.1% to a Friday NYMEX settlement of \$42.50.^{3,4,5}

THIS WEEK: Monday, Q2 results arrive from Estee Lauder and Urban Outfitters. Tuesday, July housing starts and building permits reports accompany earnings from Dick's Sporting Goods, Home Depot, La-Z-Boy, TJX, and Walmart. Minutes from the July FOMC policy meeting appear Wednesday, along with July's CPI, and earnings from American Eagle Outfitters, Hormel, L Brands, Lowe's, NetApp, Popeye's, Staples, and Target. Thursday brings NAR's report on July existing home sales, new initial jobless claims numbers, the Conference Board's July LEI, and earnings from America's Car-Mart, Fresh Market, Gap, Hewlett-Packard, Kirkland's, Perry Ellis, Regis Corp., Ross Stores, Salesforce, Stein Mart, Stage Stores, Intuit, Sears Holdings, and Toro. Friday offers Q2 results from Deere and Foot Locker.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-1.94	+4.57	+13.93	+6.43
NASDAQ	+6.59	+13.37	+26.45	+13.30
S&P 500	+1.59	+6.97	+18.76	+6.95
REAL YIELD	8/14 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.58%	0.19%	0.95%	1.92%

Sources: wsj.com, bigcharts.com, treasury.gov - 8/14/15^{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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