

WEEKLY ECONOMIC UPDATE

October 19, 2015

WEEKLY QUOTE

“When you make a mistake, there are only three things you should ever do about it: admit it, learn from it, and don’t repeat it.”

- Paul “Bear” Bryant

WEEKLY TIP

A distribution from your workplace retirement plan before age 59½ is usually a bad idea. In most instances, it comes with an early withdrawal penalty of 10%. It also sets back your retirement saving effort.

WEEKLY RIDDLE

Until it is measured it is not accurately known, yet you may miss it when it has flown. What is it?

Last week’s riddle:

What has hundreds or even thousands of ears but hears absolutely nothing?

Last week’s answer:

A cornfield.

A SURPRISE: HOUSEHOLD OPTIMISM RISES

Even after a bad month for stocks and numerous negative headlines, the University of Michigan’s preliminary October consumer sentiment index showed notable improvement. It came in at 92.1, up 4.9 points from its final September reading. Analysts surveyed by MarketWatch expected an initial October reading of 88.5.¹

A MILD SEPTEMBER INCREASE FOR RETAIL SALES

Census Bureau data showed just 0.1% greater purchases of discretionary and luxury goods last month. Minus auto buying, retail sales retreated 0.3%.²

DID INFLATION PICK UP IN SEPTEMBER?

By the measure of the core Consumer Price Index, yes – the core CPI rose 0.2% last month. The headline CPI retreated 0.2%, however. The Producer Price Index fell 0.5% in September; economists polled by MarketWatch forecast a 0.2% decline.¹

WEAK INDICATORS ENCOURAGE BULLS

Investors eyed the latest inflation and retail sales readings and saw little chance of an October Federal Reserve rate hike. The S&P 500 had another winning week, gaining 0.90% to 2,033.11. The Dow added 0.77% last week settle at 17,215.97 on Friday; the Nasdaq rose 1.16%, wrapping up the week at 4,886.69.³

THIS WEEK: On Monday, Broadcom, Halliburton, Hasbro, HealthStream, IBM, Lennox, Morgan Stanley, Six Flags Entertainment, and Sonic all present earnings. The Census Bureau announces September housing starts and building permits Tuesday, complementing earnings from BoNY Mellon, Brinker International, Chipotle, Chubb, Discover, Fifth Third, Harley Davidson, Lockheed Martin, Yahoo!, Travelers, and Verizon. More earnings appear Wednesday: Abbott Labs, Citrix, Allegiant Air, American Express, Ameriprise Financial, Biogen, Boeing, Coca-Cola, Callaway Golf, CoreLogic, Dolby Labs, Equifax, General Motors, Kaiser Aluminum, Kimberly-Clark, Manpower Group, Piper Jaffray, Raymond James, St. Jude Medical, SanDisk, Supervalu, Texas Instruments, Tupperware, and Unisys. Thursday offers NAR’s September existing home sales report, initial claims numbers and earnings from 3M, Alaska Air, Alphabet, Amazon, AT&T, Boise Cascade, Cabela’s, E*Trade, Capital One, Caterpillar, Dow Chemical, Dr. Pepper Snapple, Dunkin’ Brands, Eastman Kodak, Eli Lilly, McDonald’s, Microsoft, Netgear, Parker-Hannifin, Pandora, Pulte Group, QLogic, Raytheon, Ryder, Sirius XM, Skechers, Snap-On, Southwest Airlines, Stanley Black & Decker, T. Rowe Price, Under Armour, Verisign, and Union Pacific. Friday, American Airlines, State Street, BNC Bancorp, Lear, Popular, Procter & Gamble, Royal Caribbean, and Whirlpool announce earnings.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-3.41	+6.82	+11.12	+6.64
NASDAQ	+3.18	+15.87	+19.59	+13.60
S&P 500	-1.25	+9.08	+14.57	+7.08
REAL YIELD	10/16 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.56%	0.28%	0.50%	1.94%

Sources: wsj.com, bigcharts.com, treasury.gov - 10/16/15^{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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Jeff@LundstromGroup.com 800.627.6722