

Presents:

WEEKLY ECONOMIC UPDATE

December 15, 2014

WEEKLY QUOTE

“Anger makes dull men witty, but it keeps them poor.”

- *Queen Elizabeth I*

WEEKLY TIP

A credit card's 0% APR interest is not necessarily set in stone. A missed monthly payment may lead to it being rescinded.

WEEKLY RIDDLE

Brothers and sisters, I have none, but this man's father is my father's son. Who am I talking about?

Last week's riddle:

Olivia throws a softball as hard as she can, and even though it doesn't touch anything and nobody touches it, the softball comes right back to her. How is this possible?

Last week's answer:

She throws it straight up in the air.

AMERICANS BUY MORE, SENTIMENT INDEX SOARS

Commerce Department data showed retail sales jumping 0.7% for November – the best monthly advance recorded in a year. More good news came from the University of Michigan – its initial December consumer sentiment index came in at 93.8, way up from 88.8 at the end of last month. The improvement may reflect relief at falling gas prices as well as added belief in the economy.¹

WHEN WILL OIL HIT BOTTOM?

Last week saw the International Energy Agency lower its estimates for 2015 global oil demand, and so NYMEX crude for January delivery finished Friday's trading day at just \$57.81 a barrel. At Friday's close, oil was down 12.94% MTD and 25.90% over the past 30 days. COMEX gold futures, on the other hand, were up 4.75% MTD and settled at \$1,222.50 Friday.^{2,3}

WHOLESALE PRICES DIP

The Producer Price Index is yet another indicator affected by cheap oil. It declined 0.2% in November, taking the annualized gain down to 1.4%. The core PPI was flat last month and up 1.8% in a year.¹

CRUDE PRICES DRAG DOWN STOCK PRICES

Bears freely roamed Wall Street last week, with a major selloff occurring Friday. In fact, December 8-12 represented the worst week for the Dow since 2011. The 5-day losses across the major indices were severe: DJIA, 3.78% to 17,280.83; S&P, 3.52% to 2,002.33; NASDAQ, 2.66% to 4,653.60.^{2,4}

THIS WEEK: On Monday, VeriFone reports Q3 results. Tuesday offers a report on November housing starts and building permits and earnings from Darden Restaurants. Wednesday is busier: the Federal Reserve makes a policy statement, the November CPI and the latest euro area CPI arrive, and Carnival, Oracle, FedEx, General Mills and Jabil Circuit report earnings. Thursday, earnings from Rite Aid, Winnebago Industries, Nike, Accenture, Red Hat and ConAgra Foods complement a new report on initial jobless claims. Friday, BlackBerry reports earnings.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+4.25	+9.79	+13.01	+6.24
NASDAQ	+11.42	+16.39	+22.49	+11.66
S&P 500	+8.33	+12.78	+16.20	+6.70
REAL YIELD	12/12 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.46%	0.75%	1.41%	1.65%

Sources: online.wsj.com, bigcharts.com, treasury.gov - 12/12/14^{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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