

# WEEKLY ECONOMIC UPDATE

November 23, 2015

## WEEKLY QUOTE

“Far and away the best prize that life offers is the chance to work hard at work worth doing.”

- Theodore Roosevelt

## WEEKLY TIP

As you plan for retirement, view Social Security benefits as a supplement to your retirement savings. You do not want to have to “rely” on Social Security once retired.

## WEEKLY RIDDLE

You cannot see me. I am inside everyone. I only emerge in anger. The shorter I am, the hotter I am. What am I?

**Last week’s riddle:**  
5 letters have I, I start in E and end in Y. Take away my first, third and last letter and the 2 letters left will sound the same as when you started with me. I am a 5-letter word; what word am I?

**Last week’s answer:**  
Empty.

## FED HINTS AT A DECEMBER RATE HIKE

Minutes from the October Federal Open Market Committee meeting were released last Wednesday, and they revealed that “most” of the 10 FOMC members thought that conditions for a rate hike “could well be met by the time of the next meeting.” Another passage noted that “it may well become appropriate to initiate the normalization process” at the December 15-16 Fed policy meeting. The minutes also stated that “economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.”<sup>1</sup>

## CONSUMER PRICES ROSE 0.2% IN OCTOBER

This advance in the headline CPI contrasted with retreats in August and September. The core CPI also rose 0.2% last month. In annualized terms, the headline CPI increased 0.2% in the 12 months ending in October, the core CPI 1.9%.<sup>2</sup>

## OIL CLOSES UNDER \$40

Light crude settled at just \$39.39 a barrel on the NYMEX Friday. That was the lowest close seen since late August. Oil has sunk 10.35% so far in November. On the COMEX, gold ended the week at \$1,075.90 per ounce, silver at \$14.09 per ounce.<sup>3</sup>

## FALL RALLY RESUMES

Investors seemed relieved rather than bothered by the prospect of higher interest rates before the end of the year. The Dow, Nasdaq and S&P 500 had great weeks, posting respective 5-day gains of 3.35%, 3.59% and 3.27%. When things settled Friday, the Dow ended the week at 17,823.81, the Nasdaq at 5,104.92 and the S&P at 2,089.17.<sup>4</sup>

**THIS WEEK:** On Monday, Wall Street looks at October existing home sales and earnings from GameStop, Palo Alto Networks and Tyson Foods. Tuesday offers the Conference Board’s November consumer confidence index, the second estimate of Q3 GDP from the BEA, the S&P/Case-Shiller home price index for September and earnings from Campbell Soup, Chico’s, Cracker Barrel, Dollar Tree, DSW, Fred’s, GUESS?, Hormel Foods, HP, Tiffany and TiVo. Wednesday sees the release of the University of Michigan’s final November consumer sentiment index, the latest initial claims numbers, reports on October new home sales, capital goods orders and personal spending, and Q3 results from Deere. Thursday is Thanksgiving Day, so U.S. stock and bond markets will be closed. Wall Street will have a shortened trading day on Friday (the NYSE and NASDAQ will close at 1:00pm EST) with no major economic or earnings reports scheduled.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.00004	+0.59	+11.82	+6.47
NASDAQ	+7.79	+8.57	+20.55	+12.77
S&P 500	+1.47	+1.77	+14.83	+6.65
REAL YIELD	11/20 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.66%	0.49%	0.77%	2.08%

Sources: wsj.com, bigcharts.com, treasury.gov - 11/20/15<sup>5,6,7,8</sup>  
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.

- 1 - [foxbusiness.com/economy-policy/2015/11/18/federal-reserve-minutes/](http://foxbusiness.com/economy-policy/2015/11/18/federal-reserve-minutes/) [11/18/15]
- 2 - [cnbc.com/2015/11/17/us-consumer-price-index-oct-2015.html](http://cnbc.com/2015/11/17/us-consumer-price-index-oct-2015.html) [11/20/15]
- 3 - [money.cnn.com/data/commodities/](http://money.cnn.com/data/commodities/) [11/20/15]
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