

WEEKLY ECONOMIC UPDATE

December 7, 2015

WEEKLY QUOTE

“Yesterday is not ours to recover, but tomorrow is ours to win or to lose.”

- Lyndon B. Johnson

WEEKLY TIP

Most employers pay their workers 26 times per year. As a consequence, most people receive three paychecks during two months of the year instead of two. If your budget allows, you could devote some or all of that third monthly paycheck to wiping out a debt.

WEEKLY RIDDLE

These two things are measured by units associated with temperature and time, yet they mark no time and have no temperature. What are they?

Last week's riddle:

In what year did Christmas and New Year's Day happen in the same year?

Last week's answer:

They happen in every year.

JOBS REPORT GIVES THE FED A GREEN LIGHT

The economy created 211,000 jobs in November – a healthy hiring total that could prompt the Federal Reserve to tighten for the first time since 2006. Job growth has averaged 218,000 over the past three months (the Labor Department just revised October and November job gains upward by a total of 35,000 hires). Unemployment remained at 5.0% in November while underemployment (the U-6 rate) ticked up to 9.9%. Yearly wage growth was at 2.3%. Economists polled by Briefing.com expected 196,000 November payroll additions.^{1,2}

SERVICE SECTOR GROWS, FACTORY SECTOR SHRINKS

According to the Institute for Supply Management, U.S. manufacturing contracted last month. The ISM factory PMI came in at a troubling 48.6, down from 50.1 in October (anything over 50 denotes growth). The Institute's service sector PMI declined 3.2 points in November, but its 55.9 mark indicated solid expansion.²

PENDING HOME SALES INDEX IMPROVES

Housing contract activity increased 0.2% in October, representing a turnaround for the pending home sales index maintained by the National Association of Realtors. The index had retreated 2.3% in September.²

OIL SETTLES AT \$39.97

Light sweet crude closed below the \$40 level Friday, losing 2.7% for the day. Gold, on the other hand, gained \$22.90 on the COMEX Friday to close at \$1,084.10.³

A FRIDAY RALLY LEADS TO A WINNING WEEK

Two things turned a down week into a slightly positive one on Wall Street: the latest jobs report and European Central Bank president Mario Draghi's comment that the ECB's stimulus effort had “no particular limit.” The Dow rallied 369.96 Friday. Across five trading days, the Nasdaq gained 0.29%, the Dow 0.28% and the S&P 500 0.08%. The Friday settlements: Nasdaq, 5,142.27; Dow, 17,847.63; S&P, 2,091.69.³

THIS WEEK: Diamond Foods and H&R Block present earnings Monday. Tuesday offers earnings news from AutoZone, Casey's General Stores, Dave & Buster's, Krispy Kreme, Smith & Wesson and Toll Brothers. Wednesday brings earnings from Costco, Lululemon Athletica, Men's Wearhouse and Pep Boys. In addition to a new initial jobless claims report, Thursday will also see earnings announcements from Adobe and Restoration Hardware. The November PPI, November retail sales numbers and the initial December University of Michigan consumer sentiment index will all be released on Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.14	-0.29	+11.36	+6.47
NASDAQ	+8.58	+7.82	+19.69	+12.78
S&P 500	+1.59	+0.95	+14.16	+6.57
REAL YIELD	12/4 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.68%	0.48%	0.86%	2.17%

Sources: wsj.com, bigcharts.com, finance.yahoo.com, treasury.gov - 12/4/15^{4,5,6,7,8}
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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