

WEEKLY ECONOMIC UPDATE

December 14, 2015

WEEKLY QUOTE

“We can have facts without thinking but we cannot have thinking without facts.”

- John Dewey

WEEKLY TIP

Too many people believe they can create a great lifestyle for themselves by buying goods and services. They end up with depreciating material items and large debts. Paying yourself first and investing for the long term is a better path toward a better quality of life.

WEEKLY RIDDLE

Gaze at my flat and anchored face. You will not see 13 any place. What am I?

Last week's 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 answer:

Latitude and longitude.

HOW LOW WILL OIL FUTURES GO?

Did they hit bottom Friday afternoon, when WTI crude settled at \$35.62 on the NYMEX? Maybe not, given the International Energy Agency's new advisory that the oil glut may grow larger in 2016. Even Brent crude, the global benchmark, closed at \$37.94 at the end of the week. Forecasts for a mild winter have also disappointed oil investors. Not since February 2009 have WTI crude prices been this low.¹

RETAIL SALES IMPROVE 0.2%

The November gain fell short of the 0.3% advance projected by analysts polled by Briefing.com, but it surpassed the 0.1% increase for October. Core retail sales (minus auto, gas, and home improvement purchases) rose a healthy 0.4% last month.²

CONSUMERS GROW A BIT MORE POSITIVE

Last week brought a minor gain for the University of Michigan's consumer sentiment index. It had ended November at 91.3; its preliminary December reading was slightly better at 91.8, beating a Briefing.com consensus forecast of 91.6.²

PRODUCER PRICES HEAD NORTH

After three months without an advance, the federal government's Producer Price Index rose 0.3% for November. The core PPI increased by the same amount. Year over year, headline PPI was still down 1.1% while core PPI was up 0.5%.^{2,3}

STOCKS RETREAT AS CRUDE PRICES SINK

All three major indices were rattled by the rout in oil. On the week, the Dow lost 3.26%, the S&P 500 3.79%, and the Nasdaq 4.06%. Their Friday closes: Nasdaq, 4,933.47; Dow, 17,265.21; S&P, 2,012.37.⁴

THIS WEEK: Monday, China releases new data on its industrial output and Navistar and VeriFone offer Q4 earnings news. The November CPI arrives Tuesday. Wednesday, investors around the world will react to the Federal Reserve's latest policy decision (announcement at 2:00pm EST with subsequent press conference); reports on November housing starts, building permits and industrial production will also appear, plus earnings news from Cintas, FedEx, Jabil Circuit, Oracle, and Pier 1. Thursday, the Conference Board issues its November leading indicator index, new initial claims figures are released, and Accenture, Carnival, General Mills, Red Hat, Scholastic Corp., and Winnebago all present earnings. CarMax, Darden Restaurants, and Lennar round out the week with earnings news on Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-3.13	-1.88	+10.26	+6.03
NASDAQ	+4.17	+4.79	+17.41	+11.82
S&P 500	-2.26	-1.13	+12.45	+5.97
REAL YIELD	12/11 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.67%	0.49%	1.16%	2.17%

Sources: wsj.com, bigcharts.com, finance.yahoo.com, treasury.gov - 12/11/15^{5,6,7,8,9}
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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