

WEEKLY ECONOMIC UPDATE

November 16, 2015

WEEKLY QUOTE

“It pays to be obvious, especially if you have a reputation for subtlety.”

- Isaac Asimov

WEEKLY TIP

Are your investment allocations still in agreement with your investing goals? An annual review can help you find that out, and determine whether rebalancing is necessary.

WEEKLY 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 riddle:

When you shop for clothes, XL is always larger than L...but clothing sizes aside, in what numerical context is L larger than XL?

Last week's answer:

In Roman numerals. The Roman numeral L = 50. However, X placed before L means “ten less” than L, so the Roman numeral XL = 40.

RETAIL PURCHASES UP JUST 0.1% IN OCTOBER

The tiny increase was actually an improvement, as retail sales were flat in both August and September. Gas station sales tailed off 0.9% in October, car sales 0.5%; offsetting those declines, online retail purchases were up 1.4% last month, spending at restaurants and bars up 0.5%. The Commerce Department's latest report notwithstanding, the National Retail Federation projects holiday season retail sales to rise 3.7% this year to \$630.5 billion.¹

HOUSEHOLDS THINK POSITIVE

Economists polled by Bloomberg expected the preliminary November University of Michigan consumer sentiment index to rise 2.0 points to 92.0. It surpassed that forecast, reaching 93.1 thanks in large part to consumer expectations of low inflation and larger wage gains in 2016. Twelve months ago, the index was at 88.8.²

PRODUCER PRICE INDEX DECREASES AGAIN

The Labor Department's barometer of wholesale inflation declined 0.4% in October. September saw the index fall 0.5%. Through October, the PPI was down 1.6% year-over-year, even though wholesale gasoline prices rose 3.8% last month. Core producer prices have risen but 0.1% in 12 months.^{1,3}

STOCKS RETREAT ON SOFT DATA, LOW OIL PRICES

Negative wholesale inflation, tepid retail sales and light sweet crude ending the week at \$40.74 on the NYMEX, its lowest close since August 26 – that was enough to snap Wall Street's winning streak. The S&P 500 lost 3.63% on the week to fall to 2,023.04 Friday. The Dow (-3.71%) and Nasdaq (-4.26%) made similar descents, wrapping up the week at respective closes of 17,245.24 and 4,927.88.^{4,5}

THIS WEEK: Monday offers quarterly results from Agilent Technologies and Dillard's. Tuesday, October's CPI and a report on October industrial output complement earnings from Dick's Sporting Goods, Home Depot, Jack-in-the-Box, La-Z-Boy, TJX and Walmart. Minutes from the October Federal Reserve policy meeting appear on Wednesday, along with October's housing starts report and earnings from Aramark, Keurig Green Mountain, L Brands, Lowe's, NetApp, Staples, Target, The Children's Place and Weibo. Thursday brings the Conference Board's latest leading indicator index, a new initial claims report and earnings from America's Car-Mart, Best Buy, Fresh Market, Gap, Intuit, J.M. Smucker, Kirkland's, Ross, Stein Mart and Williams-Sonoma. Abercrombie & Fitch and Foot Locker report Q3 results on Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-3.24	-2.31	+10.82	+6.12
NASDAQ	+4.05	+5.29	+19.14	+12.40
S&P 500	-1.74	-0.80	+13.74	+6.40
REAL YIELD	11/13 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.76%	0.47%	0.71%	2.14%

Sources: wsj.com, bigcharts.com, treasury.gov - 11/13/15^{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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