

WEEKLY ECONOMIC UPDATE

August 8, 2016

WEEKLY QUOTE

“Everybody needs beauty as well as bread, places to play in and pray in, where nature may heal and give strength to body and soul alike.”

- John Muir

WEEKLY TIP

Your will, trust, and powers of attorney should be reviewed regularly, once a year if possible. Time can alter priorities and intentions.

WEEKLY RIDDLE

What three letters can you use to spell out a word meaning “enemy?”

Last week’s riddle:

What can you find precisely in the middle of Miami?

Last week’s answer:

The letter A.

TWO STRAIGHT MONTHS OF IMPRESSIVE JOB GAINS

The Department of Labor provided Wall Street and Main Street with some great news Friday. Last month, the population of Americans with full-time jobs rose by 255,000. About 70,000 of the workers hired in July found employment within the professional and business services sectors. In addition, the huge June hiring gain was revised slightly upward to 292,000. As labor force participation increased to 62.8% in July, the headline jobless rate stayed at 4.9% while the broader U-6 measure of unemployment came in at 9.7%; the average wage rose 0.3%. Across the past year, the economy has added an average of 206,000 jobs a month.¹

SOLID CONSUMER SPENDING IN JUNE

Households boosted their spending by 0.4% in the sixth month of 2016, according to a new report from the Bureau of Economic Analysis. The June advance matched the gain in May. Personal incomes also rose 0.2% for the second month in a row.²

GROWTH MODERATES IN FACTORY, SERVICE SECTORS

Both purchasing manager indices at the Institute for Supply Management retreated in July. ISM’s manufacturing PMI fell 0.6 points to 52.6; its non-manufacturing PMI dipped a full point to 55.5. The numbers still pointed to healthy industry expansion.³

STOCKS PUSH HIGHER

The jobs report encouraged the bulls Friday, sending the Dow Jones Industrial Average and Nasdaq Composite up more than 1% and lifting all three major U.S. indices for the week. Across August 1-5, the Dow rose 0.60% to 18,543.53; the Nasdaq, 1.14% to 5,221.12; the S&P 500, 0.43% to 2,182.87. Oil closed the week at \$41.98 on the NYMEX; gold, at \$1,341.40 on the COMEX.⁴

THIS WEEK: Monday, Wall Street peruses earnings news from Allergan, Chimerix, Dean Foods, Hertz Global, News Corp., Tyson Foods, and Weibo. Tuesday’s earnings parade offers news from Coach, Container Store, Exelon, Monster Worldwide, Norwegian Cruise Line, Red Robin, Scripps Networks, Walt Disney Co., and Yelp. Wednesday’s earnings include results from Aramark, Michael Kors, Ralph Lauren, Shake Shack, and Wendy’s. Thursday, a new initial claims report emerges along with earnings from Alibaba Group, Dillard’s, Kohl’s, Macy’s, Nordstrom, Planet Fitness, and Ruby Tuesday. July retail sales figures appear on Friday, plus the initial August University of Michigan consumer sentiment index, the July Producer Price Index, and earnings from JCPenney.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+6.42	+5.72	+12.41	+6.50
NASDAQ	+4.27	+1.58	+21.23	+15.04
S&P 500	+6.80	+3.95	+16.40	+7.06
REAL YIELD	8/5 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.09%	0.58%	0.32%	2.30%

Sources: wsj.com, bigcharts.com, treasury.gov - 8/5/16^{4,5,6,7}

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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