

WEEKLY ECONOMIC UPDATE

January 8, 2018

WEEKLY QUOTE

“Whatever you think, be sure it is what you think; whatever you want, be sure that is what you want; whatever you feel, be sure that is what you feel.”

- T.S. Eliot

WEEKLY TIP

Retiring one year later means one extra year to save, one extra year for those savings to potentially grow and compound, one less year of retirement to fund, and one more year of living on work or business income.

WEEKLY RIDDLE

The more of them you add, the less something will weigh. What are they?

Last week's riddle:

It occasionally comes up in conversation, and it never goes down. What is it?

Last week's answer:

Your age.

LOW UNEMPLOYMENT, BUT LESS HIRING

The Department of Labor's latest jobs report announced a headline unemployment rate of only 4.1% in December, but it also showed companies adding just 148,000 net new workers last month. Even so, net payroll growth averaged 204,000 during the last three months. In hiring terms, the health care sector grew more than any other industry in 2017, expanding by 300,000 jobs. Wages rose 2.5% last year. The broader U-6 jobless rate, encompassing the underemployed, ticked up a tenth of a point to 8.1%, which was still half a percent below its level of a year ago.¹

MORE FACTORY ACTIVITY DURING THE HOLIDAYS

December saw U.S. manufacturers pick up their pace. The Institute for Supply Management's purchasing manager index for the factory sector surprised to the upside with a fine reading of 59.7. Economists polled by Briefing.com had projected the PMI to decline 0.2 points to 58.0. ISM's non-manufacturing PMI fell in December, weakening 1.5 points to a reading of 55.9.²

WTI CRUDE CONTINUES TO RALLY

Finishing at \$61.41 on the NYMEX Friday, it advanced 1.7% last week. Investor concern over anti-government protests in Iran and stateside data showing smaller crude reserves helped. Oil settled at \$62.01 Thursday, which was a peak unmatched in roughly three years.³

A SHORT, NOTEWORTHY WEEK STARTS THE YEAR

During January 2-5, the Dow Jones Industrial Average topped 25,000 and the Nasdaq Composite went above 7,000. The blue chips ended the week at 25,295.87; the Nasdaq, at 7,136.56; the S&P 500, at 2,743.15. The 4-day gains: Dow, 2.18%; Nasdaq, 3.35%; S&P, 2.50%. The CBOE VIX wrapped up the week down at 9.22.^{4,5}

THIS WEEK: Nothing major is scheduled for Monday or Tuesday. On Wednesday, KB Home, Lennar, and Supervalu present earnings. The December Producer Price Index appears Thursday, plus a new initial claims report. Friday, a new earnings season starts off with announcements from BlackRock, Infosys, JPMorgan Chase, PNC Financial, and Wells Fargo, and three important economic indicators arrive for consideration – the December retail sales report from the Department of Commerce, the December Consumer Price Index, and the preliminary January consumer sentiment index from the University of Michigan.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.18	+27.12	+17.66	+9.76
NASDAQ	+3.35	+30.04	+26.02	+18.49
S&P 500	+2.50	+20.90	+17.41	+9.43
REAL YIELD	1/5 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.46%	0.42%	-0.55%	1.56%

Sources: finance.google.com, bigcharts.com, treasury.gov - 1/5/18^{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.

**Please feel free to forward this article to family, friends or colleagues.
If you would like us to add them to our distribution list, please reply with their address.
We will contact them first and request their permission to add them to our list.**

«Representative Disclosure»

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Citations.

- 1 - forbes.com/sites/maggiemcgrath/2018/01/05/unemployment-rate-holds-steady-at-4-1-as-u-s-adds-148000-jobs-in-december/ [1/5/18]
- 2 - briefing.com/investor/calendars/economic/2018/01/01-05 [1/5/18]
- 3 - marketwatch.com/story/oil-prices-fall-losing-grip-on-3-year-high-2018-01-05 [1/5/18]
- 4 - markets.wsj.com/us [1/5/18]
- 5 - finance.google.com/finance?q=INDEXDJX:.DJI&ei=POIPWoHEE5eJjAhrvInABw [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=1%2F5%2F17&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=1%2F5%2F17&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=1%2F5%2F17&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=1%2F4%2F13&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=1%2F4%2F13&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=1%2F4%2F13&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=1%2F4%2F08&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=1%2F4%2F08&x=0&y=0 [1/5/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=1%2F4%2F08&x=0&y=0 [1/5/18]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [1/5/18]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [1/5/18]