

WEEKLY ECONOMIC UPDATE

June 5, 2017

WEEKLY QUOTE

“Don't ever take a fence down until you know the reason it was put up.”

- G.K. Chesterton

WEEKLY TIP

Once a baby is born, family health insurance policies usually require the parents to add the child to the policy within 30 days. If that is not done, certain benefits may be lost until the next open enrollment period. New parents should contact insurers about their specifications and download enrollment forms ASAP.

WEEKLY RIDDLE

What 10-letter word has three consecutive pairs of letters in its middle? (It starts with the letter B.)

Last week's riddle:

If you push me to extremes, I can rage and boil, but an hour later, I may be silent and stiff. What am I?

Last week's answer:

Water.

JOB CREATION, JOBLESS RATE DOWN IN MAY

A day after ADP's employment change report estimated a hiring gain of 253,000 in May, the Department of Labor's latest jobs report told a far different story. It said employers added just 138,000 workers last month. The U-3 jobless rate fell to a 16-year low of 4.3% in May, partly because of people dropping out of the labor force. The U-6 rate, counting the underemployed, decreased to a 10-year low of 8.4%. Annualized wage growth improved 0.2% to 2.5%.^{1,2}

CONSUMER CONFIDENCE INDEX DECLINES

The Conference Board's monthly consumer confidence gauge remained well north of 100 in May. It came in at 117.9. The index actually descended 1.5 points from its (downwardly revised) April reading of 119.4.¹

FACTORY GROWTH MAINTAINS ITS PACE

Rising a tenth of a percentage point to 54.9, the Institute for Supply Management's manufacturing purchasing manager index showed healthy sector expansion in May. ISM last measured a sector contraction (a reading below 50) in August.³

PERSONAL SPENDING INCREASES

In April, consumer spending grew by 0.4% according to the Bureau of Economic Analysis. Additionally, the BEA revised the previously flat March personal spending number up to a 0.3% gain. Personal incomes also rose 0.4% in the fourth month of the year, twice the improvement seen in March.¹

NO REINING IN THE BULLS

Rising 0.93% across four trading days, the S&P 500 ended last week at 2,439.07. The Nasdaq Composite continued its red-hot run, gaining 1.50% for the week to a June 2 close of 6,305.80. Settling at 21,206.29 Friday, the Dow Jones Industrial Average added 0.56% across its last four trading sessions. The CBOE VIX "fear index" closed at a remarkably low 9.79 Friday, down 30.27% YTD.^{4,5}

THIS WEEK: ISM's May non-manufacturing PMI appears Monday, along with data on April factory orders, and earnings from Casey's General Stores, Dave & Buster's, and Thor Industries. Conn's, Fred's, and Michaels Companies announce earnings on Tuesday. Navistar reports quarterly results on Wednesday. Thursday, Wall Street examines new initial jobless claims figures and earnings news from Dell Technologies, J.M. Smucker, and Verifone. Nothing major is slated for Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+7.31	+18.88	+15.00	+5.52
NASDAQ	+17.14	+26.84	+25.90	+14.12
S&P 500	+8.94	+15.86	+18.17	+5.88
REAL YIELD	6/2 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.36%	0.27%	-0.59%	2.57%

Sources: wsj.com, bigcharts.com, treasury.gov - 6/2/17^{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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