



WEEKLY ECONOMIC UPDATE

October 10, 2016

WEEKLY QUOTE

“Treasure the love you have received above all. It will survive long after your gold and good health have vanished.”

- *Og Mandino*

WEEKLY TIP

If you are under 35, see if you can save 15% of your salary toward retirement. If your company matches your retirement plan contributions, count the employer match as part of that 15%.

WEEKLY RIDDLE

I have 6 faces, but I wear no makeup. I often roll around and bump into things. What am I?

Last week's riddle:

What jumps higher than a building?

Last week's answer:

Everything. A building cannot jump.

HIRING PICKED UP IN THE THIRD QUARTER

Employers added 156,000 net new jobs to their payrolls in September, the Department of Labor stated Friday. The August gain was revised up to 167,000, so monthly job growth averaged 192,000 in Q3, improved from 146,000 in Q2. The unemployment rate ticked up to 5.0% in September; the U-6 underemployment rate remained at 9.7%. Yearly wage growth reached 2.6%, with the average hourly wage rising six cents to \$25.79.^{1,2}

ISM INDICES SHOW A SEPTEMBER REBOUND

America's manufacturing sector grew again last month; the Institute for Supply Management's factory Purchasing Managers Index improved to 51.5 in September, recovering from its recessionary August mark of 49.4. The Institute's non-manufacturing PMI surged north 5.7 points last month, rising to 57.1.²

OIL & GOLD PRICES HEAD IN OPPOSITE DIRECTIONS

On Friday, gold closed down at \$1,251.90 on the COMEX, falling about 5% for the week. Light sweet crude advanced just over 3% last week, closing at \$49.81 on the NYMEX Friday, even after a 1.3% loss during the trading week's last session.³

STOCKS END THE WEEK SLIGHTLY LOWER

The numbers contained within Friday's jobs report did not exactly spark a rally, so the S&P 500 settled at 2,153.74, losing 0.67% for the week. The Nasdaq Composite and Dow Jones Industrial Average both descended 0.37% across five trading days to respective Friday closes of 18,240.49 and 5,292.40.⁴

THIS WEEK: Monday is Columbus Day. Wall Street will be open for business, but federal government offices and banks will be closed. Tuesday, a new earnings season starts with results from Alcoa, Barracuda Networks, and Fastenal. Wednesday, the Federal Reserve releases minutes from its September monetary policy meeting, and CSX Corp. announces Q3 earnings. Thursday's earnings parade includes results from Delta Air Lines, Winnebago, and Wynn Resorts; a new initial jobless claims report also arrives. Fed chair Janet Yellen speaks on Friday in Boston about the economic recovery; Wall Street will consider her comments, along with the preliminary October University of Michigan consumer sentiment index, September retail sales numbers, the September PPI, and earnings from Citigroup, JPMorgan Chase, PNC, and Wells Fargo.

| % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG |
|------------|-----------|----------|-----------|------------|
| DJIA | +4.68 | +7.85 | +12.86 | +5.39 |
| NASDAQ | +5.69 | +10.46 | +22.69 | +13.01 |
| S&P 500 | +5.37 | +7.91 | +17.28 | +5.96 |
| REAL YIELD | 10/7 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.10% | 0.53% | 0.16% | 2.37% |

Sources: wsj.com, bigcharts.com, treasury.gov - 10/7/16^{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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