

# Weekly Econ Update

## Weekly Economic Update

Jun 17, 2013

Concise recap of last week's market performance.

Provided by:



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# WEEKLY ECONOMIC UPDATE

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## WEEKLY QUOTE

“Patriotism is easy to understand in America; it means looking out for yourself by looking out for your country.”

- Calvin Coolidge

## WEEKLY TIP

A dollar available now is worth more than a dollar available in the future – not just because of long-term inflation, but because that now-available dollar can potentially earn interest. This truism is known as the *time value of money*.

## WEEKLY RIDDLE

You hold a sheet of cellophane. Fully unfolded, it is 3 feet long by 2 feet wide. How can you get two people to stand on it (when it is fully unfolded) in such a way that they can't touch or see each other?

### Last week's riddle:

What runs around a field, but doesn't move?

### Last week's answer:

A fence.

## IMF: FED SHOULD WAIT 6 MONTHS TO TAPER QE3

On Friday, the International Monetary Fund called for the Federal Reserve to keep easing at current levels at least until the end of 2013 and to carefully manage any exit from QE3. In its annual review of the U.S. economy, the IMF characterized the March 1 federal budget cuts as “excessively rapid and ill-designed” and called for their repeal. It lowered its 2014 GDP projection for the U.S. to 2.7%. The IMF still projects U.S. growth for 2013 at 1.9%.<sup>1,2</sup>

## RETAIL SALES UP 0.6% IN MAY

This Commerce Department announcement was a nice surprise, as retail purchases advanced just 0.1% in April. A 1.8% jump in car and truck sales was instrumental, though the pace of overall retail purchases still improved 0.3% for May with vehicle sales factored out.<sup>3</sup>

## A NOTABLE RISE IN THE PPI

Increases in food and energy costs took the overall Producer Price Index 0.5% higher for May, with a surge in gasoline prices central to the advance. The core PPI (minus food and energy prices) rose 0.1% last month.<sup>1,4</sup>

## HOUSEHOLD SENTIMENT SLIPS

On Friday, the University of Michigan's preliminary June index of consumer sentiment came in at 82.7. That was a surprise to the downside; economists polled by Bloomberg had forecast a reading of 84.5, the index's final mark for May.<sup>1</sup>

## HEADWINDS BUFFET WALL STREET

The Dow fell 1.17% from June 10-14, closing at 15,070.18 Friday. Similar weekly losses plagued the NASDAQ (-1.32% to 3,423.56) and the S&P 500 (-1.01% to 1,626.73). Last week also brought a 12.62% rise for the CBOE VIX, which settled at 17.05 Friday.<sup>4</sup>

**THIS WEEK:** June's NAHB housing market index comes out Monday, and a G8 summit begins in Ireland. Tuesday, the May Consumer Price Index arrives along with data on May housing starts; Adobe Systems and La-Z-Boy present earnings. Wall Street will be focused on the Federal Reserve's latest policy announcement on Wednesday; in addition, earnings news rolls in from Red Hat, FedEx and Jabil Circuit. Thursday, NAR releases its report on May existing home sales and the Conference Board's May index of leading indicators appears, complemented by earnings from Kroger, Rite Aid and Oracle. Friday is a quadruple witching day which also offers earnings from CarMax.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+15.00	+19.11	+4.49	+6.53
NASDAQ	+13.38	+20.70	+7.90	+11.05
S&P 500	+14.06	+22.39	+3.92	+6.45
REAL YIELD	6/14 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.09%	-0.47%	1.77%	1.51%

Sources: cnbc.com, bigcharts.com, treasury.gov - 6/14/13<sup>4,5,6,7</sup>  
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.  
These returns do not include dividends.

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