Weekly Economic Update

May 20, 2013

Concise recap of last week's market performance.

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WEEKLY QUOTE

"How wonderful it is that nobody need wait a single moment before starting to improve the world."

- Anne Frank

WEEKLY TIP

Set aside a half-hour to organize your financial documents. It makes sense for tax season, and it makes sense all year.

WEEKLY RIDDLE

What should the next number be in this series: 103, 107, 109, 113, 127 ...

Last week's riddle:
I can't be captured or held, and I certainly am not seen ... yet I can occasionally be heard, and I am often all around you. What am I?

Last week's answer:
The wind.

SUBDUED INFLATION IN APRIL

Consumer and producer prices retreated last month. The federal government's Consumer Price Index fell 0.4%, a monthly descent unseen since December 2008; the Producer Price Index declined 0.7%, its biggest monthly drop in three years. Consumer prices also fell for a second straight month; the last time that happened was in late 2008. The core CPI did rise 0.1% in April; the yearly gain in the overall CPI was just 1.1%.[1]

THREE MORE POSITIVE SIGNS FOR THE ECONOMY

The University of Michigan's initial May consumer sentiment survey came in at 83.7 – its highest level since July 2007, 7.3 points above the final April mark. After falling 0.2% for March, the Conference Board's index of U.S. leading indicators rose 0.6% for April. Census Bureau data showed retail sales ticking up 0.1% in April and 3.7% in the past year.[2,3]

HOUSING STARTS PLUNGE, BUILDING PERMITS SOAR

While the year-over-year increase was 13.1%, housing starts plummeted 16.5% in April, largely due to a 37.8% drop in apartment starts. On the other hand, last month brought a 14.3% rise in building permits ... marked by a 40.6% jump in permits for apartment construction.[4]

BULLS KEEP RUNNING

The S&P 500 is now on a 4-week winning streak. It rose another 1.98% last week to settle at 1,666.12 Friday. Complementing that 5-day gain, the NASDAQ went +1.82% last week while the DJIA went +1.56%; at Friday's closing bell, the NASDAQ settled at 3,498.97 and the Dow at 15,354.40. A truly impressive factoid: the NASDAQ and S&P have gained 1% or more in each of the past four weeks.[5]

THIS WEEK: Monday brings earnings from Campbell Soup, TiVo and Urban Outfitters. On Tuesday, Best Buy, Home Depot, Medtronic, Vodafone, Saks, TJX and NetApp announce quarterly results. Wednesday, NAR releases its report on April existing home sales, the Federal Reserve releases the May 1 FOMC minutes, and Fed chairman Ben Bernanke testifies before Congress; Staples, L Brands, PetSmart, Toll Brothers, Target, Lowe's and Hewlett-Packard post earnings. The Census Bureau report on April new home sales appears Thursday, along with the March FHFA housing price index and earnings from Dollar Tree, Gamestop, Ralph Lauren, Sears Holdings, Gap, Ross Stores, Aeropostale and Pandora. Friday offers the April durable goods orders report and Q1 results from Abercrombie & Fitch.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+17.17	+23.40	+3.65	+7.69
NASDAQ	+15.88	+24.36	+7.67	+12.74
S&P 500	+16.82	+27.69	+3.38	+7.64
REAL YIELD	5/17 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.31%	-0.35%	1.41%	1.84%

Sources: cnbc.com, bigcharts.com, treasury.gov - 5/17/13[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.

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Citations.

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