

WEEKLY ECONOMIC UPDATE

March 12, 2018

FEBRUARY SAW A HIRING SURGE

Payroll growth was truly impressive last month. According to the latest Department of Labor report, employers added 313,000 net new jobs, including 61,000 in the construction industry; economists polled by Reuters projected a total February gain of 200,000. With the labor force participation rate reaching a 6-month high, the headline jobless rate stayed at 4.1% and the broader U-6 rate at 8.2%. Yearly wage growth declined to 2.6%.¹

SERVICE BUSINESSES ARE THRIVING

The Institute for Supply Management's February snapshot of service industry growth was quite positive. ISM's non-manufacturing purchasing manager index did wane slightly, losing 0.4 points to 59.5, but the reading shows a very healthy service sector. January's 59.9 mark was the best seen since August 2005.²

WTI CRUDE TOPS \$62

As Wall Street's closing bell sounded Friday, oil settled at \$62.04. A 3% Friday gain left the commodity up for the week, even after the Energy Information Agency said that daily U.S. output had increased to nearly 10.4 million barrels, a record.³

FRIDAY RALLY ENDS BULLISH WEEK

A strong jobs report surpassed forecasts, and the dip in annualized wage growth hinted at manageable inflation. The Dow Jones Industrial Average jumped 441 points Friday. The blue chips gained 3.25% in five days to wrap up the week at 25,335.74. Across five trading sessions, the S&P 500 rose 3.54% to 2,786.57, while the Nasdaq Composite advanced 4.17% to 7,560.81 – a new record close for that tech-heavy benchmark.^{4,5}

THIS WEEK: Nothing major is slated for Monday. February's Consumer Price Index arrives Tuesday, plus quarterly results from Dick's Sporting Goods and DSW. Investors consider reports on February retail sales and wholesale inflation on Wednesday, along with earnings news from Del Taco, Smart & Final, Smith Micro, Stein Mart, Tailored Brands, and Williams-Sonoma. Wall Street looks at new initial claims figures Thursday, and earnings from Broadcom Ltd., Dollar General, Jabil, and Lifetime Brands. On Friday, the Census Bureau releases data on February housing starts and building permits, the University of Michigan publishes its preliminary March consumer sentiment index, and Kirkland's, Perry Ellis, and Tiffany & Co. make earnings announcements.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.49	+21.47	+15.20	+11.58
NASDAQ	+9.52	+29.49	+26.61	+24.85
S&P 500	+4.22	+17.83	+15.93	+11.88
REAL YIELD	3/9 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.78%	0.60%	-0.50%	0.90%

Sources: wsj.com, bigcharts.com, treasury.gov - 3/9/18^{4,6,7,8}

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.

Disclosure:

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