



WEEKLY ECONOMIC UPDATE

May 7, 2018

JOBLESS RATE HITS 18-YEAR LOW

Unemployment fell to 3.9% in April, the Department of Labor said Friday – the smallest percentage seen since late 2000. Additionally, the U-6 underemployment rate declined to 7.8%, a 17-year low. Payrolls expanded with 164,000 net new jobs last month; the economy has created an average of 200,000 jobs a month so far in 2018, compared to 177,000 a month in 2017.¹

PERSONAL SPENDING IMPROVES 0.4%

The March gain reported by the Bureau of Economic Analysis was the best since the 0.5% advance in December. Personal wages increased 0.3% for March, replicating the gain from February.²

ISM INDICES RETREAT

Purchasing manager indices at the Arizona-based Institute for Supply Management showed the factory and service sectors of the economy cooling down in April from a red-hot degree of expansion. ISM's manufacturing PMI fell 2.0 points to 57.3, and its non-manufacturing PMI dropped by the same amount to 56.8.³

NASDAQ RISES; DOW, S&P FALL SLIGHTLY

All three major Wall Street indices rallied on Friday, but only the Nasdaq Composite ended up higher on the week. Across five trading sessions, the tech-heavy benchmark gained 1.26% to 7,209.62. The S&P 500 declined 0.24% for the week to 2,663.42, while the Dow Jones Industrial Average lost 0.20% to settle at 24,262.51.⁴

THIS WEEK: AMC Entertainment, Andeavor, Hertz Global Holdings, Invacare, Semptra Energy, Sysco, and Tyson Foods announce earnings Monday. Before Tuesday's open, Federal Reserve chair Jerome Powell comments on monetary policy in Switzerland; after the open, Wall Street considers earnings calls from Aramark, Dean Foods, Discovery, DISH Network, Electronic Arts, Etsy, La Quinta Holdings, Marriott, Monster, Papa John's, Planet Fitness, TripAdvisor, U.S. Auto Parts, Valeant, Walt Disney Co., Wendy's, and William Lyon Homes. April's Producer Price Index arrives Wednesday, plus earnings from Anheuser-Busch, Coty, Green Dot, Groupon, Horizon Pharma, Hostess, Office Depot, Roku, Siemens AG, Spectra Energy Partners, Sunoco, 21st Century Fox, and Weibo. Thursday, the April Consumer Price Index and new initial claims figure complement earnings from AMC Networks, Duke Energy, News Corp., Nvidia, Symantec, TiVo, and Yelp. On Friday, the University of Michigan unveils its preliminary May consumer sentiment index, and ArcelorMittal and Thomson Reuters make earnings news.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-1.85	+15.80	+12.41	+8.71
NASDAQ	+4.44	+18.67	+22.68	+19.26
S&P 500	-0.38	+11.46	+13.00	+8.92
REAL YIELD	5/4 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.79%	0.50%	-0.53%	1.53%

Sources: wsj.com, bigcharts.com, treasury.gov - 5/4/18^{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.

Disclosure:

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Citations.

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