**WEEKLY ECONOMIC UPDATE**

**WEEKLY QUOTE**
“Great works are performed not by strength, but perseverance.”
- Samuel Johnson

**WEEKLY TIP**
A mental trick to help you build your emergency fund: treat it like a bill that you have to pay each month, and make a corresponding monthly “payment” to it.

**WEEKLY RIDDLE**
Three playing cards lie face down on a table. A jack is to the left of a queen. To the left of a spade is a diamond. A king is left of a heart. A spade is right of a king. What are the three cards?

Last week’s riddle: When I change my jacket, I make a loud noise and become larger, but I weigh less. What am I?

Last week’s answer: Popcorn.

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**INFLATION PICKS UP**
The Consumer Price Index increased 0.4% in May – the biggest monthly rise in over a year, with food prices up 0.5%. Labor Department data showed the core CPI (minus energy and food prices) up 0.3% for May; that was its largest monthly advance since August 2011. All this put the annualized gain in the headline CPI at 2.1% and the yearly gain in core CPI at 2.0%. Analysts polled by Reuters thought the overall CPI would increase 0.2% last month. The turmoil in Iraq could help to drive consumer prices higher this summer.¹

**MAY SEES LESS NEW RESIDENTIAL CONSTRUCTION**
Reduced home buying eventually means reduced groundbreaking. May’s housing numbers from the Census Bureau reflected that – housing starts slipped 6.5% last month while building permits fell 6.4%. Housing starts are still maintaining a million-unit seasonally adjusted annual pace.²

**OIL SETTLES AT A 9-MONTH HIGH**
$107.26 a barrel – that was where NYMEX crude for July delivery closed at Friday. Even so, prices leveled off last week as ISIS insurgents in Iraq remained far away from Basra, that country’s hub for oil exports.²

**WILL THE DOW REACH 17,000 THIS WEEK?**
At Friday’s close, the blue chips stood at 16,947.08. The Dow rose another 1.02% last week, and its 5-day gain was surpassed by the advances of the Nasdaq (+1.33% to 4,368.04) and the S&P 500 (1.37% to 1,962.87). Investors were encouraged by the Federal Reserve: the Federal Open Market Committee predictably elected to make another $10 billion cut to QE3 for July and expressed confidence that the economy was improving in its Wednesday policy statement, even as it cut its projections for 2014 growth slightly to 2.1%.³⁴⁵

**THIS WEEK:** The NAR releases its May existing home sales report Monday. On Tuesday, the Conference Board’s June consumer confidence index, the Census Bureau’s May new home sales report and the April S&P/Case-Shiller home price index all arrive, along with quarterly results from Walgreens. The last federal government estimate of Q1 GDP appears Wednesday, plus the Census Bureau’s May report on durable goods orders and earnings from Bed Bath & Beyond, Lennar, General Mills and Monsanto. Thursday brings May consumer spending data from the Commerce Department, the latest initial jobless claims figures and earnings announcements from Nike, ConAgra Foods and Accenture. Friday sees the release of the University of Michigan’s final June consumer sentiment index.

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<thead>
<tr>
<th>% CHANGE</th>
<th>Y-T-D</th>
<th>1-YR CHG</th>
<th>5-YR AVG</th>
<th>10-YR AVG</th>
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<tbody>
<tr>
<td>DJIA</td>
<td>+2.23</td>
<td>+14.83</td>
<td>+19.69</td>
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<td>NASDAQ</td>
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<td>+23.59</td>
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<tr>
<td>REAL YIELD</td>
<td>6/20 RATE</td>
<td>1 YR AGO</td>
<td>5 YRS AGO</td>
<td>10 YRS AGO</td>
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<tr>
<td></td>
<td>0.35%</td>
<td>0.46%</td>
<td>1.91%</td>
<td>2.16%</td>
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Sources: USATODAY.com, bigcharts.com, treasury.gov - 6/20/14⁶⁷⁸
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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¹ J. Lundstrom at LundstromGroup.com Presents: WEEKLY ECONOMIC UPDATE

² 6/20 USATODAY

³ 6/20/14 CD
Citations.
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