

GIESTING FINANCIAL WEEKLY UPDATE

February 23, 2015



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WEEKLY QUOTE

“Don’t rule out working with your hands. It does not preclude using your head.”

- Andy Rooney

WEEKLY TIP

If you are newly married, think about creating a joint savings or checking account to which you can both contribute each month. The money in the account can be used to pay for jointly incurred financial/household expenses.

WEEKLY RIDDLE

Katherine and Sterling each have the same amount of pears. How many pears does Katherine need to give Sterling so that Sterling has 10 more pears than she does?

A MESSAGE FROM MARK...

It’s tax time again! While everyone wants to maximize their deductions, there’s a right way to do it and a wrong way to do it – and some folks go just a little too far. The following article titled, “Most Outrageous Tax Deductions of 2015” was recently published in “Financial Planning” magazine. <http://www.financial-planning.com/webonly/most-outrageous-tax-deductions-of-2015-2691921-1.html>. Make sure that you aren’t on next year’s list!

GREECE DEAL, FED MINUTES REASSURE INVESTORS

On Friday, Greece reached an agreement with eurozone finance ministers to extend its economic bailout through June. The four extra months of financial aid depend on reforms that the country will present to its creditors this week (they must be approved by April). Stateside, minutes from the Federal Reserve’s January policy meeting noted that most Fed officials favored “keeping the federal funds rate at its effective lower bound for a longer time,” which also pleased the markets.^{1,2}

PRODUCER PRICES FALL BY MOST IN 5 YEARS

Labor Department data showed an 0.8% dip in the Producer Price Index in January, the largest monthly decline since November 2009. Cheaper fuel costs were the major factor. The core PPI (minus food and energy prices) was flat year-over-year.²

LESS GROUNDBREAKING IN JANUARY

The pace of housing starts slowed 2.0% last month – not surprising given the rough weather in much of the nation. January also saw building permits decline 0.7%. While the Commerce Department reported fewer single-family projects starting up, multi-family construction actually accelerated in the year’s opening month.²

STOCKS MOVE NORTH

Solid gains occurred during a short trading week: DJIA, 0.94% to 18,140.44; NASDAQ, 2.02% to 4,955.97; S&P 500, 0.63% to 2,110.30. WTI crude fell 5.20% for the week, settling Friday at \$49.91 a barrel; gold slipped 2.36% for the week to a Friday COMEX settlement of 1,199.10.³

Last week's riddle:
I am astonishingly light, but even the strongest person in the world can only hold me for a few minutes. What am I?

Last week's answer:
Air.



THIS WEEK: The National Association of Realtors reports January existing home sales on Monday. Tuesday, Fed chair Janet Yellen begins two days of testimony to the Senate Banking Committee, and February's Conference Board consumer confidence index, the December S&P/Case-Shiller home price index, a new reading on euro area inflation and earnings from Home Depot, Hertz Global, Comcast, Macy's, First Solar, Domino's, Hewlett-Packard and Office Depot arrive. Wednesday, investors assess the Census Bureau's report on January new home buying, an HSBC factory PMI for China and earnings from Lowe's, Campbell Soup, RBC, SodaStream, TJX, Target, Chesapeake Energy, Dollar Tree and Transocean. News items for Thursday include January's CPI and durable goods orders, new initial claims figures and quarterly results from Sempra Energy, AMC Networks, Anheuser-Busch, Autodesk, Gap, Herbalife, J.C. Penney, Kohl's, L Brands and Monster. On Friday, the second estimate of Q4 GDP arrives, plus the University of Michigan's final February consumer sentiment index and NAR's January pending home sales report.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.78	+12.44	+14.88	+6.82
NASDAQ	+4.64	+16.13	+24.17	+14.07
S&P 500	+2.50	+14.70	+18.05	+7.56
REAL YIELD	2/20 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.38%	0.63%	1.52%	1.67%

Sources: online.wsj.com, bigcharts.com, treasury.gov - 2/20/15^{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.

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