

## 5 Things to Know About the Economy

U.S. News breaks down the week's most notable economic updates.

By Andrew Soergel July 22, 2016

The Dow Jones industrial average finally dipped Thursday after building momentum on each day of trading since July 7.

The index shed less than 78 points Thursday, so losses weren't exactly substantial. The weakness was sparked largely by slipping oil benchmarks, as prices per barrel of Brent crude and West Texas Intermediate were both down more than 2 percent by day's end.

Buoying the market, though, was a series of strong quarterly financial reports. Share prices for ebay, General Motors and McDonald's all climbed after the companies posted positive earnings.

The success of the Standard & Poor's 500 index, meanwhile, has been more modest. The S&P closed down slightly Thursday but had been up and down for much of the week. Middy Friday, both indexes were trading up slightly.

### What It Means:

"The financial markets have not only stabilized since the outcome of the Brexit vote, with stock and bond prices at or near record highs, but there has been a cascade of recent indicators – employment, industrial production, housing, consumer spending – all showing the U.S. economy on the rebound," Bernard Baumohl, chief global economist at The Economic Outlook Group, wrote in a research note Friday.

The stock market is well ahead of where it was in the immediate aftermath of the U.K.'s Brexit vote, in large part because American assets – namely stocks and government-issued bonds – have come to be viewed as safe-haven investments for international traders.

There's some concern that the market is becoming overinflated, but the fact that a relatively substantial decline in oil prices didn't spark an immediate sell-off is undoubtedly a good thing. Corporate earnings have been mostly strong so far in the second quarter, so most analysts aren't considering one or two days of modest losses much cause for alarm.

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