

# WEEKLY ECONOMIC UPDATE

December 5, 2011

## WEEKLY QUOTE

“A lie can travel halfway around the world while the truth is putting on its shoes.”

– Charles Spurgeon

## WEEKLY TIP

Dropping a landline and just using your cell phone might save you as much as \$300 annually. Using a broadband phone system might give you even greater savings.

## WEEKLY RIDDLE

Alexandra’s mom had four children. The first one was named May, the second was named June, and the third was named August. What was the fourth child’s name?

## Last week’s riddle:

We all have one, and even though it often demands an answer, it offers no question. What is this device?

## Last week’s answer:

A phone.

## JOBLESS RATE FALLS TO 8.6%

In November, U.S. unemployment hit its lowest level since March 2009. November’s net job gain was 120,000. While the Bureau of Labor Statistics report showed that the majority of the new hires were made by retailers and temp agencies, this is still a sign of recovery. The underemployment rate fell to 15.6% from the prior 16.2%.<sup>1</sup>

## SOME (MOSTLY) POSITIVE HOUSING NEWS

Pending home sales soared 10.4% in October, the National Association of Realtors reported. New home sales also were up 1.3% in that month according to the Census Bureau. The September edition of the S&P/Case-Shiller Home Price Index showed price gains in 14 of 20 metro markets; the index gained 0.1% in the third quarter, but was down 3.9% from a year ago.<sup>2</sup>

## MANUFACTURING SECTOR EXPANDS

The Institute for Supply Management’s manufacturing index showed sector growth in November. It came in at 52.7; economists polled by Briefing.com had forecast it would read 51.0.<sup>3</sup>

## OIL TOPS \$100 AGAIN, GOLD ADVANCES

Crude prices ended the week at \$100.96 on the NYMEX, going up 4.33% in five days. Gold futures had their best week in more than a month (+3.64%) and settled at \$1747.00 Friday.<sup>4</sup>

## S&P 500 GAINS 7.4% IN 5 DAYS

The index had its best week since March 2009, going +7.39% to settle at 1,244.28 Friday. A coordinated central bank move to make cheaper dollar loans available to EU lenders set off a massive Dow rally Wednesday, a big factor behind great weeks for the DJIA (+7.01 to 12,019.42) and NASDAQ (+7.59% to 2,626.93).<sup>5,6</sup>

**THIS WEEK:** All eyes will be on Europe late next week, as there will be an EU summit and we could see notable developments regarding EU member fiscal policies and the future of the euro. Stateside, Monday brings the latest ISM report on the service sector, a look at October factory orders and earnings from Dollar General. Tuesday, Toll Brothers comes out with 3Q results. No major economic releases are slated for Wednesday. Thursday, the Bank of England and European Central Bank conclude policy meetings and Costco announces 3Q results. Friday, we have the conclusion of the EU summit meeting and the initial December consumer sentiment survey from the University of Michigan.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+3.82	+5.78	-0.29	+2.31
NASDAQ	-0.98	+1.84	+1.77	+3.79
S&P 500	-1.06	+1.86	-2.18	+1.01
REAL YIELD	12/2 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.00%	0.84%	2.10%	3.50%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 12/2/11<sup>5,7,8,9</sup>  
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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## Citations.

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