

# WEEKLY ECONOMIC UPDATE

January 16, 2012

## WEEKLY QUOTE

“Sweet are the slumbers of the virtuous man.”

– Joseph Addison

## WEEKLY TIP

If your monthly bank statement comes with a fee disclosure, it may be a big hint that fee hikes are coming your way.

## WEEKLY RIDDLE

Create a 13-letter word using all 13 of the following letters: O A I I S T T R R D N A M.

## Last week's riddle:

What is worn by the foot and often bought by the yard?

## Last week's answer:

Carpet.

## AN UNDERWHELMING RETAIL SALES REPORT

Holiday shopping was strong ... or was it? The Census Bureau's newest monthly retail sales data indicated only a 0.1% gain for December. Yet in the big picture, 2011 was the best year for retail sales since 1999. Total retail sales rose 7.7% last year, online and catalog sales were up 10.6% and overall sales have now improved about 20% from the depths hit during the Great Recession.<sup>1,2</sup>

## CONSUMER SENTIMENT INDEX INCREASES

The University of Michigan's preliminary January consumer sentiment survey showed further improvement, with a gain from 69.9 to 74.0; the best reading since last May and better than the 71.5 economists polled by Reuters anticipated.<sup>3</sup>

## NEW BEIGE BOOK NOTES IMPROVING ECONOMY

The Federal Reserve's new economic snapshot of its 12 banking districts showed 11 noting economic growth. The anecdotal survey noted improvement in auto and retail sales, manufacturing and consumer spending in the last six weeks of 2011.<sup>4</sup>

## S&P CUTS CREDIT RATINGS OF 9 EU NATIONS

After U.S. markets closed Friday, Standard & Poor's downgraded a third of the European Union: it took France from AAA to AA+, cut ratings for Austria, Slovakia, Slovenia and Malta by a notch and booted the ratings of Italy, Portugal, Spain and Cyprus down two notches. S&P said the EU's debt reduction plan lacks "sufficient size or scope". Additionally, EU talks on restructuring Greek debt fell apart Friday.<sup>5</sup>

## STOCKS ON A WINNING STREAK

The S&P 500 posted its second straight weekly gain across January 9-13, rising 0.88% to 1,289.09. The DJIA rose 1.67% to 12,422.06 and the NASDAQ gained 1.36% to 2,710.67. Last week also saw gains for the U.S. Dollar Index (0.24%) and COMEX gold (0.87%).<sup>5,6</sup>

**THIS WEEK:** U.S. financial markets are closed Monday for the federal holiday honoring Martin Luther King, Jr. Tuesday, Wells Fargo, Citigroup and Charles Schwab issue earnings reports. Wednesday, the December PPI arrives and we will have Q4 earnings from eBay and assorted financial heavy hitters: Goldman Sachs, Bank of NY Mellon, State Street, Northern Trust, PNC Bank and US Bancorp. Thursday, we have December's CPI, a new initial jobless claims report and Q4 results from more big names: Bank of America, Morgan Stanley, AmEx, IBM, Microsoft, Google, Sony Ericsson, UnitedHealth and Capital One. Friday, last month's existing home sales figures will be released along with earnings from GE.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.67	+5.88	-0.21	+2.56
NASDAQ	+4.05	-0.90	+1.66	+3.62
S&P 500	+2.50	+0.42	-1.98	+1.32
REAL YIELD	1/13 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.14%	0.97%	2.49%	3.48%

Sources: money.msn.com, bigcharts.com, treasury.gov, treasurydirect.gov - 1/13/12<sup>1,5,7,8,9</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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