*Randy Schmidt and Kelly Potes Present:*

# WEEKLY ECONOMIC UPDATE

June 6, 2011

WEEKLY QUOTE
"You can't talk your way out of problems you behave yourself into."
*– Dr. Stephen Covey*

WEEKLY TIP
If your adult child takes a job without health insurance, remember that he or she can be covered by your employer's plan until age 26 under the new health care laws.

WEEKLY RIDDLE
New furniture will be delivered to your office on the day before five days from the day after tomorrow. If today is August 18, when will the furniture arrive?

**Last week's riddle:** Two lawyers sit at opposite ends of a large conference table. Nothing is in between them but the table, yet they don't see each other. How is this possible?

**Last week's answer:** They are seated with their backs to one another.

## HIRING TAPERS OFF IN MAY

Wall Street braced itself Friday for a subpar jobs report, and that was what arrived. Non-farm payrolls grew by just 54,000 in May – and if McDonald's hadn't added 62,000 fast-food positions last month, net hiring would have been negative. Payrolls had expanded by an average of 220,000 positions a month in the previous three months of data. The unemployment rate ticked north to 9.1% in May; the percentage of people without a job for six months or longer rose to 45.1%, nearly a record.[1,2]

## ISM: SOME GOOD NEWS, SOME BAD NEWS

The Institute for Supply Management's manufacturing sector index slipped a troubling 6.9% to 53.5 for May. However, ISM's service sector PMI rose 1.8% in May to 54.6, and new orders increased by 4.1%. Expansion continues in both sectors.[3]

## YEAR-OVER-YEAR HOME PRICES RETREAT

The newly released March edition of the S&P/Case-Shiller Home Price Index found home prices across 20 metro areas down 3.6% from March 2010. Overall, prices were 33.1% below the index's peak in July 2006 and at levels last seen during the middle of 2002.[4,5]

## CONFIDENCE FALTERS

The Conference Board Consumer Confidence Index came in at 60.8 for May, notably beneath the 66.0 reading for April. The poll's Expectations Index decreased to 75.2 from April's 83.2 reading.[6]

## A DOWNDRAFT ON WALL STREET

A major selloff last Wednesday contributed to the Dow extending its losing streak to five weeks. Here was how it went during the four market days from May 31-June 3: DJIA, -2.33% to 12,151.26; S&P 500, -2.32% to 1,300.16; NASDAQ, -2.29% to 2,732.78. The Dow has not had a five-week losing streak since July 2004.[7]

**THIS WEEK:** The calendar is pretty light. Monday, Treasury Secretary Timothy Geithner speaks at the International Monetary Conference in Atlanta. Tuesday afternoon, Federal Reserve Chairman Ben Bernanke speaks at the same event. The Fed puts out a new Beige Book on Wednesday. Thursday, Wall Street will watch the Bank of England and the European Central Bank as both will have announcements on interest rates; a report on April wholesale inventories also comes out. No major economic releases are scheduled for Friday.

| % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG |
|---|---|---|---|---|
| DJIA | +4.96 | +18.49 | +1.61 | +1.06 |
| NASDAQ | +3.01 | +18.66 | +4.63 | +2.71 |
| S&P 500 | +3.38 | +17.89 | +0.19 | +0.31 |
| **REAL YIELD** | 6/3 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.75% | 1.34% | 2.37% | 3.52% |

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 6/3/11[7,8,9,10]
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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