

WEEKLY ECONOMIC UPDATE

October 3, 2011

WEEKLY QUOTE

“Lots of people want to ride with you in the limo, but what you want is someone who will take the bus with you when the limo breaks down.”

– Oprah Winfrey

WEEKLY TIP

With the holidays just ahead, consider automatic paycheck deductions into an online savings account. These accounts may reap a tidy dividend, and you could have a well of cash to draw from as you shop for gifts.

WEEKLY RIDDLE

A rain gauge collects rainfall each day of a wet week beginning on Monday. Every day, the amount of rain in the gauge doubles. At Sunday’s end, the rain gauge is completely filled. So on which day is it half-filled?

Last week’s riddle:

I can't be seen, but I'm all around. I have no mouth, yet can make a sound. I can be harnessed, but never bound. No hands have I, yet I move the ground. What am I?

Last week’s answer:

Wind.

AMERICANS SPEND A BIT MORE, EARN A BIT LESS

In August, personal spending improved by 0.2% while personal incomes retreated by 0.1%. This was the first monthly decline in household incomes since October 2009; July’s household earnings gain was revised down to 0.1%.¹

AN IMPROVEMENT IN CONSUMER SENTIMENT

September’s final University of Michigan consumer sentiment survey came in at 59.4, much better than the final August mark of 55.7 and topping the consensus forecast of 57.8 from economists surveyed by Bloomberg News. The Conference Board’s consumer confidence index ticked up 0.2% to 45.4 this month.¹

DURABLE GOODS DEMAND HOLDS UP IN AUGUST

The Commerce Department said overall hard goods orders declined 0.1% in August, but a closer look revealed some positives. Core capital goods orders (excluding the aircraft and transportation sectors) improved by 1.1% and core capital goods shipments were up by 2.8%.²

SURVEYING THE REAL ESTATE SECTOR

New home sales slipped 2.3% in August but showed a 6.1% annual gain, according to the Census Bureau. The same trend held true for pending home sales: the National Association of Realtors said they were down 1.2% for August but up 7.7% from a year before. The Standard & Poor’s/Case-Shiller home price index rose 0.9% in July with prices 4.1% underneath July 2010 levels.^{3,4,5}

MIXED WEEK CLOSES OUT TOUGH MONTH

September saw major losses for the Dow (-6.03%), NASDAQ (-6.36%) and S&P 500 (-7.18%). Last week’s numbers showed the blue chips rising: DJIA, +1.32% for the week to settle Friday at 10,913.38; NASDAQ, -2.73% last week to 2,415.40; S&P 500, -0.44% last week to 1,131.42.⁶

THIS WEEK: Monday, ISM comes out with its September manufacturing index and we learn about September auto sales. Tuesday, Fed chairman Ben Bernanke speaks to Congress, the latest Apple iPhone is unveiled and Yum Brands announces 3Q earnings. Wednesday offers ISM’s September service sector index plus earnings from Costco, Marriott and Monsanto. On Thursday, the European Central Bank and Bank of England make monetary policy announcements, Treasury Secretary Tim Geithner testifies in Congress, and new initial claims figures also arrive. Friday, the Labor Department releases the September unemployment report.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-5.74	+1.16	-1.31	+2.35
NASDAQ	-8.95	+1.97	+1.39	+6.32
S&P 500	-10.04	-0.86	-3.06	+0.89
REAL YIELD	9/30 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.17%	0.75%	2.27%	3.50%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 9/30/11^{6,7,8,9}
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.
These returns do not include dividends.

Please feel free to forward this article to family, friends or colleagues.

***If you would like us to add them to our distribution list, please reply with their address.
We will contact them first and request their permission to add them to our list.***

Investment Centers of America, Inc, (ICA), member FINRA, SIPC, a Registered Investment Advisor, is not affiliated with ChoiceOne Bank or ChoiceOne Investment Center. Securities, advisory services and insurance products offered through ICA and affiliated insurance agencies are ***not insured by the FDIC or any other federal government agency *not a deposit or other obligation of, or guaranteed by any bank or their affiliates *subject to risks including the possible loss of principal amount invested.**

This material was prepared by MarketingLibrary.Net Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is not possible to invest directly in an index. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. All economic and performance data is historical and not indicative of future results. Market indices discussed are unmanaged. Investors cannot invest in unmanaged indices. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Citations.

- 1 - businessweek.com/news/2011-09-30/consumer-sentiment-in-u-s-increases-more-than-forecast.html [9/30/11]
- 2 - marketwatch.com/story/us-durable-goods-orders-drop-01-in-august-2011-09-28?reflink=MW_news_stmp [9/28/11]
- 3 - census.gov/const/newressales.pdf [9/26/11]
- 4 - realtor.org/press_room/news_releases/2011/09/phs_august [9/29/11]
- 5 - articles.latimes.com/2011/sep/28/business/la-fi-home-prices-20110928 [9/28/11]
- 6 - cnbc.com/id/44729786 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=9%2F30%2F10&x=0&y=0 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=9%2F30%2F10&x=10&y=18 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=9%2F30%2F10&x=0&y=0 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=9%2F29%2F06&x=0&y=0 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=9%2F29%2F06&x=0&y=0 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=9%2F29%2F06&x=0&y=0 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F1%2F01&x=0&y=0 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=10%2F1%2F01&x=0&y=0 [9/30/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=10%2F1%2F01&x=0&y=0 [9/30/11]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [9/30/11]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [9/30/11]
- 9 - treasurydirect.gov/instit/annceresult/press/preanre/2001/ofm71101.pdf [7/11/01]
- 10 - montoyaregistry.com/Financial-Market.aspx?financial-market=an-introduction-to-the-stock-market&category=29 [9/30/11]