

WEEKLY ECONOMIC UPDATE

April 25, 2011

WEEKLY QUOTE

“Don't let what you cannot do interfere with what you can do.”

– John Wooden

WEEKLY TIP

If you're getting married, inform your partner about all of your debt before the wedding day. Do not omit mentioning credit or debt issues to your future spouse.

WEEKLY RIDDLE

What is the smallest number of cars that can be driven down the road in this formation: two cars ahead of a car, two cars behind a car, and a car between two cars?

Last week's riddle:

They never move, even when we walk on them, but signs and arrows may indicate that they go “up” and “down”. What are they?

Last week's answer:

Stairs.

HOME SALES, HOME STARTS IMPROVE IN MARCH

The National Association of Realtors announced that existing home sales were up 3.7% last month, about 1% higher than the rebound expected on Wall Street. (NAR noted that about 35% of these were cash sales.) In another positive development for the real estate market, the Commerce Department measured a 7.2% gain in housing starts and an 11.2% rise in construction permits for March.¹

GOLD AT NEW HIGH, DOLLAR TOUCHES 3-YEAR LOW

Gold cracked the \$1,500 ceiling last week. Prices reached \$1,508.75 on Thursday before settling at \$1,503.80 on the COMEX. Silver hit yet another 31-year high at \$46.68 per ounce, with prices ending the week at \$46.06. Meanwhile, the U.S. Dollar Index descended to 73.735 during the market day on Thursday, a low unseen since August 2008.^{2,3}

LEI INDEX UP FOR NINTH STRAIGHT MONTH

The Conference Board's index of leading economic indicators rose another 0.4% for March, complementing a revised 1.0% gain in February. Economists polled by Bloomberg News had forecast a 0.3% advance.⁴

DOW SETTLES AT 2011 HIGH

Standard & Poor's rattled Wall Street early last week when it revised its outlook on U.S. long-term debt from “stable” to “negative”. Across the next three trading days, earnings sent the market higher. The four-day week turned into a winning one, as the numbers show: DJIA, +1.33% to 12,505.99; S&P 500, +1.34% to 1,337.38; NASDAQ, +2.01% to 2,820.16.^{5,6}

THIS WEEK: The height of earnings season is upon us. On tap for Monday, we have 1Q results from Netflix and March new home sales data. Tuesday offers earnings reports from Coca-Cola, UPS, 3M, Delta Air Lines, Valero, Ford, Western Union, U.S. Steel, Broadcom and Amazon, along with the February Case-Shiller home price index and the Conference Board's April consumer confidence index. Wednesday brings 1Q results from eBay, ConocoPhillips, Credit Suisse, General Dynamics, Starbucks, BP, Boeing and Allstate, plus a Fed rate decision and a report on March durable goods orders. Thursday gives us earnings from PepsiCo, P&G, Motorola, Exxon Mobil, Microsoft, Sprint Nextel, Bristol Myers, Viacom and Occidental Petroleum, plus February pending home sales and weekly jobless claims data. What does Friday bring? The March consumer spending report and the University of Michigan's final March consumer sentiment poll, plus 1Q results from Merck, Caterpillar, Chevron, Weyerhaeuser and DR Horton.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+8.02	+12.32	+2.04	+1.87
NASDAQ	+6.31	+11.95	+4.07	+3.69
S&P 500	+6.34	+10.65	+0.40	+0.92
REAL YIELD	4/22 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.83%	1.46%	2.39%	3.52%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 4/22/11^{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.

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Citations.

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