

# WEEKLY ECONOMIC UPDATE

January 24, 2011

## WEEKLY QUOTE

“Success is the sum of details.”

– Harvey Firestone

## WEEKLY TIP

If a major financial or life event is coming up on your calendar, talk to a financial or tax professional about it now. If you wait until after the event, you may pay an opportunity cost or find yourself with a higher tax bill.

## WEEKLY RIDDLE

The Cage family has a mother, father and six sons, and each son has one sister. So how many people are in this family?

## Last week’s riddle:

An interesting occurrence happened about 25 minutes on the clock and months and years on the calendar. What was this numerically interesting moment?

## Last week’s answer:

Early on that afternoon, the time and date read 12:34 on 5/6/78.

## TIME FOR OPTIMISM IN THE HOUSING MARKET?

Existing home sales have improved in five of the past six months. In December, they rose 12.3%. While December’s sales pace was still 2.9% below year-ago levels, the National Association of Realtors also noted that the glut of unsold homes had been reduced to 8.1 months of supply compared to 9.5 months’ worth in November. The median existing home sale price fell 1.0% last month to \$168,800.<sup>1,2</sup>

## LEI INDEX SHOWS MORE IMPROVEMENT

The Conference Board’s Leading Economic Indicators index rose 1.0% in December. Pair that with its 1.1% ascent in November and you have the two best months since it rose 1.4% in March. The building permits indicator showed the most improvement.<sup>3</sup>

## HOUSING STARTS DOWN, PERMITS WAY UP

Government data seems to affirm one of the findings of the Conference Board index. The Census Bureau just reported a 16.7% increase in building permits in December (the best month in that category since March). Yet housing starts were down 4.3% in December, hitting a 14-month low.<sup>4</sup>

## GOLD & OIL TURN LOWER

Optimism about the global economy seems to have increased appetites for risk, and last week you also had the fear that China might hike interest rates. So gold lost 1.43% for the week to settle Friday at \$1,341.00 an ounce. Oil prices plunged 3.74% on the week to end up at \$89.11 a barrel Friday.<sup>5</sup>

## DOW ADVANCES AGAIN

The DJIA posted its eighth straight weekly gain, rising 0.72% across four market days to settle at 11,871.84 Friday. The S&P 500 (-0.76% to 1,283.35) and the NASDAQ (-2.39% to 2,689.54) saw weekly retreats.<sup>6</sup>

**THIS WEEK:** Monday brings earnings reports from McDonald’s, Halliburton, Amgen and American Express. Tuesday, we have the Conference Board’s latest consumer confidence index, the November Case-Shiller home price index and earnings from 3M, US Steel and Verizon. Wednesday brings an FOMC meeting and December new home sales figures plus earnings from Boeing, Netflix and Xerox. Thursday gives us weekly jobless claims figures, December durable goods orders and November pending home sales plus earnings from AT&T and Caterpillar. Friday offers earnings from Chevron and Honeywell, the final January University of Michigan consumer sentiment survey, and the first 4Q 2010 GDP estimate.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+2.54	+14.26	+2.26	+1.22
NASDAQ	+1.38	+18.71	+3.93	-0.25
S&P 500	+2.04	+14.95	+0.35	-0.44
REAL YIELD	1/21 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	1.20%	1.29%	1.94%	3.52%

Source: cnbc.com, bigcharts.com, ustreas.gov, bls.gov - 1/21/11<sup>6,7,8,9</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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