

WEEKLY ECONOMIC UPDATE

June 20, 2011

WEEKLY QUOTE

“If you don’t like something, change it. If you can’t change it, change your attitude.”

– Maya Angelou

WEEKLY TIP

How much money do you spend on coffee annually? \$1,000? More? If you are looking to save some money, buy instant and make coffee at home – or cut back on coffee drinking.

WEEKLY RIDDLE

How much dirt is in a 2-foot diameter hole that is 4 feet deep? (There isn’t too much math involved here.)

Last week’s riddle:

What do a shark, a zipper and a comb all have in common?

Last week’s answer:

They all have teeth.

PRICES RISE, BUT INFLATION PRESSURE EASES

According to the Bureau of Labor Statistics, the Consumer Price Index rose 0.2% in May, with core CPI up 0.3%. (Food prices rose 0.4% and energy prices rose 0.6% last month.) This is the tamest monthly increase in inflation since last November. In year-over-year terms, the CPI is up 3.6% over the past 12 months; core CPI advanced 1.5%. The BLS also reported less wholesale price inflation in May: the Producer Price Index rose 0.2% last month after climbs of 0.8% in April and 0.7% in March. The year-over-year PPI gain was 7.3% - the biggest in almost three years.^{1,2}

LEADING INDICATOR INDEX TURNS NORTH

The Conference Board’s index of leading economic indicators was up 0.8% for May, rebounding from a 0.4% retreat in March. Eight of the index’s ten indicators showed improvement last month.³

CONSUMER SENTIMENT WAVERS

The preliminary June University of Michigan consumer sentiment survey came in at 71.8 last week, below the 74.0 that economists polled by Bloomberg had forecast and beneath the final 74.3 mark of May. The gauges surveying current conditions (-2.3%) and six-month expectations (-2.7%) both declined.³

RETAIL SALES COME IN BETTER THAN EXPECTED

Overall retail sales retreated just 0.2% for May. The Commerce Department said sales actually improved by 0.3% when the 2.9% drop in car sales was factored out. U.S retail sales are now up 7.7% in the last year.⁴

DOW, S&P SNAP LOSING STREAKS

At last! A weekly advance for the Dow (52.45 points) and the S&P 500 (0.52 points). The DJIA closed at 12,004.36 Friday; the NASDAQ and S&P 500 respectively ended the week at 2,616.48 and 1,271.50. The percentage gains and losses last week? DJIA, +0.44%; NASDAQ, -1.03%; S&P 500, +0.03%.⁵

THIS WEEK: Monday, no major economic releases are scheduled – but markets will certainly be responding to results of the meetings on the Greek debt crisis over the weekend. On Tuesday, we learn about May existing home sales and Barnes & Noble, Adobe and Walgreens announce earnings. The Federal Reserve considers an interest rate decision Wednesday, and we have earnings reports out of Bed Bath & Beyond and FedEx. Thursday brings data on May new home sales, earnings from Discover Financial, ConAgra and Oracle, and new initial and continuing jobless claims reports. Friday, the report on June durable goods orders comes out.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+3.69	+15.05	+1.80	+1.28
NASDAQ	-1.03	+13.41	+4.57	+3.16
S&P 500	+1.09	+13.93	+0.32	+0.52
REAL YIELD	6/17 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.75%	1.22%	2.54%	3.52%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 6/17/11^{5,6,7,8}
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These returns do not include dividends.

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Citations.

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