

WEEKLY ECONOMIC UPDATE

April 11, 2011

WEEKLY QUOTE

“Don't forget to love yourself.”

– Soren Kierkegaard

WEEKLY TIP

Applying for a mortgage online could save you some money in terms of closing costs, origination fees and interest rates as the online application cost is less for the lender to bear.

WEEKLY RIDDLE

Can you rearrange the letters in *new door* to make *one word*?

Last week's riddle:

Two children are born in the same hospital (and in the same hospital room) on the same year, month, day and minute. They have the same two parents, yet they are not referred to as twins and have no brothers. How is this possible?

Last week's answer:

They are sisters and two-thirds of a set of triplets.

WALL STREET WATCHES BUDGET FIGHT

While journalists and political analysts worldwide pondered the effects of a federal government shutdown last week, Wall Street conducted business as usual. Any prolonged shutdown would test the stock market: while the Federal Reserve would not be forced into a hiatus, the majority of Treasury Department employees would be furloughed, and the Securities and Exchange Commission, Federal Trade Commission and Department of Justice could halt review of M&As, IPOs and new stock and bond issues. Still, much of the Street's attention will be focused on the new earnings season this week. (For the record, stocks actually advanced about 5% during the three-week federal budget impasse of 1995-1996.)^{1,2,3}

ISM SERVICE SECTOR INDEX DESCENDS TO 57.3

The Institute for Supply Management's February non-manufacturing index came in at 59.7; the March edition is 2.4% lower, and ISM's survey estimated a 7.2% decline in business activity/production for the month and a 4.0% increase in the backlog of orders. However, the ISM non-manufacturing index has shown sector expansion for 16 months.⁴

REMARKABLE GAINS FOR CRUDE & GOLD

Oil prices rose 4.49% last week, and they have soared 11.60% in the last three weeks. NYMEX crude ended the week at \$112.79 a barrel. (The American Automobile Association said the price of a gallon of regular unleaded gas averaged \$3.73 nationally as of Friday.) Gold advanced \$45.30 last week to settle at \$1,473.40 on the COMEX.^{5,6}

A FLAT LANDSCAPE FOR STOCKS

The Dow, NASDAQ and S&P 500 didn't move much between Monday and Friday. Here is how things went for the week: DJIA, +0.03% to 12,380.05; S&P 500, -0.32% to 1,328.17; NASDAQ, -0.33% to 2,780.41.⁷

THIS WEEK: Monday, a fresh earnings season begins with 1Q results from Alcoa. Tuesday (assuming no federal shutdown), we have data on March import and export prices. On the schedule for Wednesday, we have the Commerce Department report on March retail sales and a new Beige Book from the Federal Reserve – and before the bell, earnings from JPMorgan. Scheduled for Thursday, we have the weekly initial and continuing claims data, the March PPI and 1Q results from Google and Hasbro. The March CPI, the initial University of Michigan March consumer sentiment survey and a report on March industrial output are all slated for Friday, and that day starts with 1Q results from Bank of America and Mattel.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+6.93	+13.30	+2.27	+2.58
NASDAQ	+4.85	+14.10	+3.77	+5.93
S&P 500	+5.61	+11.95	+0.50	+1.68
REAL YIELD	4/8 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.95%	1.58%	2.43%	3.52%

Sources: cbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 4/8/11^{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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