

WEEKLY ECONOMIC UPDATE

April 4, 2011

WEEKLY QUOTE

“Don't go around saying the world owes you a living. The world owes you nothing. It was here first.”

– Samuel Clemens

WEEKLY TIP

Always explore the alternatives before you make a big-ticket purchase. A few minutes of online searching may bring you exactly what you want (or close) at considerable savings.

WEEKLY 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 riddle:

A woman sailed into the Bahamas with her boat on the 28th of April. She stayed in the Bahamas for three weeks and then left in April. How is this possible?

Last week's answer:

She sailed to and from the Bahamas in a boat named April.

JOBLESS RATE DOWN 1% SINCE NOVEMBER

In March, the nation's jobless rate declined to 8.8%. That is the lowest level of unemployment since April 2009 and represents a 1.0% reduction in unemployment in the last four months. The Labor Department said the economy added 216,000 jobs in March, 78,000 in the category of professional and business services.^{1,2}

CONSUMER SPENDING UP 0.7%

Personal spending increased for the eighth month in a row in February, but Commerce Department data showed that much of the gain went to pay for higher food and energy costs. The Personal Consumption Index (PCE) advanced 0.4% for the month. So the inflation-adjusted gain in personal spending was 0.3%. Wages rose by 0.3% in February.³

ISM: MANUFACTURING GROWTH MODERATES

The March PMI index from the Institute for Supply Management showed a slight reduction in the pace of the sector's growth: it came in at 61.2 versus February's 61.4 mark. However, the index has recorded 20 straight months of sector expansion.⁴

IN REAL ESTATE, SOME MIXED NEWS

The National Association of Realtors said that pending home sales rose 2.1% in February. The number of contracts for existing home purchases was still down 8.2% from a year ago. In January, the S&P/Case-Shiller home price index fell 1.0% from its December level; if it slips another 1.2%, it will fall below its April 2009 trough, which would signal the dreaded “double dip”.^{5,6}

STOCKS ADVANCE FOR THE WEEK & QUARTER

How did the big indices do last week? DJIA, +1.28% to 12,376.72; S&P 500, +1.42% to 1,332.41; NASDAQ, +1.70% to 2,789.60. In the first quarter, the DJIA gained 6.41%, the NASDAQ 4.83% and the S&P 500 5.42%.^{7,8}

THIS WEEK: Monday, Federal Reserve chairman Ben Bernanke speaks at the Atlanta Fed. On Tuesday, the most recent FOMC minutes will be released, plus the ISM service sector report for March; we also get an earnings report from KB Home. Wednesday brings earnings from Monsanto and Bed, Bath & Beyond. Thursday we have announcements from the European Central Bank and Bank of England along with initial and continuing claims and earnings from Rite-Aid. No major economic releases are scheduled for Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+6.90	+13.27	+2.28	+2.66
NASDAQ	+5.15	+16.11	+3.84	+5.65
S&P 500	+5.95	+13.10	+0.58	+1.40
REAL YIELD	4/1 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.94%	1.61%	2.35%	3.52%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 4/1/11^{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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