

WEEKLY ECONOMIC UPDATE

October 10, 2011

WEEKLY QUOTE

“Innovation is saying ‘no’ to 1,000 things.”
– Steve Jobs

WEEKLY TIP

Too many credit card offers in the mail? Did you know that you can opt-out of receiving those? In addition to reducing your mail, it also saves paper and might help to protect you from identity theft. Call 1-888-5-OPTOUT to learn more.

WEEKLY RIDDLE

Just two U.S. states have capital cities whose names include the full name of the state. What states are they?

Last week's riddle:

A rain gauge collects rainfall each day of a wet week beginning on Monday. Every day, the amount of rain in the gauge doubles. At Sunday's end, the rain gauge is completely filled. So on which day is it half-filled?

Last week's answer:

Saturday. The rain gauge is half-full on Saturday and the amount of rain in it doubles on Sunday so it becomes completely full.

HIRING IMPROVES...WITH A FOOTNOTE

Economists polled by MarketWatch had expected non-farm payrolls to increase by 59,000 for September. In a nice surprise, the economy added 103,000 jobs. However, 45,000 of those “hires” were actually striking Verizon employees returning to work. The unemployment rate remained at 9.1% for the third straight month. The Department of Labor revised the July and August jobs reports to include a cumulative 99,000 new hires.¹

ONE ISM INDEX RISES, ANOTHER RETREATS

The start of the month brings fresh PMIs from the Institute for Supply Management. ISM's service sector index lost 0.3 points between August and September, but the reading for last month came in at a decent 53.0. Its manufacturing index rose a full percentage point in September to 51.6.²

AUTO SALES PICK UP

September's Commerce Department report showed big demand for domestic car brands: Ford sales rose 9%, GM sales 20% and Chrysler sales 27%. Overall U.S. auto sales were 9.9% improved from September 2010.³

RATES ON 30-YEAR FRMS DIP BELOW 4%

Those who can qualify for a refi or want to chance buying will find the lowest home loan rates on record right now. Freddie Mac's October 6 Primary Mortgage Market Survey reported an average interest rate of 3.94% for conventional 30-year home loans and 3.26% for 15-year fixed-rate mortgages.⁴

OVERSEAS DECISIONS HELP STOCKS REBOUND

Last week, the European Central Bank announced it would address the EU debt crisis with year-long loans and covered bond purchases. That news and some mildly positive stateside indicators sent stocks higher. Last week's performances: S&P 500, +2.1% to 1,155.46; DJIA, +1.7% to 11,103.12; NASDAQ, +2.7% to 2,479.35.^{5,6}

THIS WEEK: Earnings season officially begins. Monday is Columbus Day; banks are closed, markets are open. Tuesday, Alcoa kicks things off; we also have interim earnings from Chevron and the latest FOMC minutes. Wednesday brings 3Q results from PepsiCo. Thursday, we get earnings from Google, JPMorgan Chase and Safeway and new initial claims figures. On Friday, the G20 finance ministers meet in Paris and the initial October University of Michigan consumer sentiment survey comes out, along with Commerce Department reports on business inventories and retail sales; Mattel releases earnings, and the new iPhone is for sale.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-4.10	+1.41	-1.26	+2.24
NASDAQ	-6.54	+4.01	+1.56	+5.44
S&P 500	-8.12	-0.22	-2.88	+0.88
REAL YIELD	10/7 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.16%	0.48%	2.37%	3.50%

Sources: usatoday.com, online.wsj.com, bigcharts.com, treasury.gov, treasurydirect.gov - 10/7/11^{5,6,7,8}
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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We will contact them first and request their permission to add them to our list.**

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Citations.

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