



*Charles “Chuck” Martino CLU, ChFC Presents:*

# WEEKLY ECONOMIC UPDATE

October 11, 2010

## WEEKLY QUOTE

“The digital revolution is far more significant than the invention of writing or even of printing.”  
– Douglas Engelbart

## WEEKLY TIP

Update your will. It is just as important as having one. If you drafted a will years ago, the information is likely in need of some adjustments. Be sure to revisit your will often and keep it up to date.

## WEEKLY RIDDLE

I am a word that signifies a wide natural area – but remove my first letter, and you are left with a word signifying a narrow urban corridor. What word am I?

## Last week’s riddle:

Ian bought a bag of apples on Friday and ate a third of them. On Saturday he ate half of the remaining apples. On Sunday he looked in the bag and found that just two were left. How many apples were originally in the bag?

## JOBS REPORT COULD PROMPT FED RESPONSE

The U.S. economy shed 95,000 non-farming jobs in September - mostly government jobs, according to the Labor Department. Economists surveyed by MarketWatch thought payrolls would shrink by only 8,000 last month. The unemployment rate held steady at 9.6% as the private sector added 64,000 positions. On Friday, stocks posted gains after the news – economists and investors alike felt the report would spur the Federal Reserve toward further quantitative easing.<sup>1</sup>

## PENDING HOME SALES UP 4.3% FOR AUGUST

The National Association of Realtors reported the second straight monthly advance in this indicator. August pending home sales were still 20.1% below year-ago levels.<sup>2</sup>

## SERVICE SECTOR GROWTH RATE INCREASES

The Institute for Supply Management’s service sector index rose for a ninth straight month, going from 51.8 in August to 53.2 in September. The employment sub-index moved north 2.0 points to 50.2, indicating hiring had increased.<sup>3</sup>

## TWO BIG BANKS HALT FORECLOSURES

Responding to allegations that it may have seized homes using shortcuts and defective documents, Bank of America decided last week to extend its freeze on foreclosures to all 50 states. PNC Financial Services Group also announced last week that it was halting foreclosure sales for one month.<sup>4</sup>

## FACTORY ORDERS HINT AT COMPANIES UPGRADING

In August, orders for non-military capital goods excluding aircraft rose 5.1%. This marks the best month for such orders since March 2010, according to Commerce Department data. Overall capital goods orders declined by 0.5%.<sup>5</sup>

## DOW CLOSES NORTH OF 11,000

The index gained 1.63% last week to settle Friday at 11,006.48 – the first close over 11,000 since May 3. The NASDAQ advanced 1.31% on the week to settle Friday at 2,401.91. The S&P 500 closed at 1,165.13 Friday after a 1.65% weekly gain.<sup>6</sup>

**COMING NEXT WEEK:** minutes from the 9/21 FOMC meeting (Tuesday), new jobless claims figures and September PPI (Thursday), and then a plethora of reports to digest on Friday - September CPI, the preliminary October University of Michigan consumer sentiment survey, and new data on retail sales and business inventories.

| % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG |
|----------|-------|----------|----------|-----------|
| DJIA     | +5.55 | +12.46   | +1.39    | +0.41     |
| NASDAQ   | +5.85 | +13.09   | +2.98    | -2.84     |

|   |                   |           |          |           |            |
|---|-------------------|-----------|----------|-----------|------------|
| <b>Last week's answer:</b><br>Six. He had six apples to start with, and ate two the first day and two the second day. | S&P 500           | +4.49     | +9.35    | -0.51     | -1.69      |
|   | <b>REAL YIELD</b> | 10/8 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
|   | 10 YR TIPS        | 0.45%     | 1.49%    | 1.90%     | 4.03%      |

Source: cnbc.com, bigcharts.com, ustreas.gov, bls.gov - 10/8/10<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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