



*Charles W. Martino CLU, ChFC Presents:*

# WEEKLY ECONOMIC UPDATE

September 6, 2010

## WEEKLY QUOTE

“Pleasure may come from illusion, but happiness can come only of reality.”  
– *Sebastien-Roch Nicolas De Chamfort*

## WEEKLY TIP

Teach your children about saving, spending, giving and investing before they have disposable income. Visit [www.themint.org](http://www.themint.org) for tools and tips.

## WEEKLY RIDDLE

The name of a particular insect is six letters long. You can lop off the last three letters from its name and end up with the name of another insect. What is this six-letter word?

## Last week's riddle:

A woman walking along a canal sees a boat full of people, yet there isn't a single person on board. How could this be?

## Last week's answer:

Everyone aboard the boat is married.

## JOBLESS RATE RISES, AND SO DO STOCKS

Friday, the Labor Department reported 9.6% unemployment in August. While that was no improvement from July's 9.5% mark, there was some good news within the report – news that helped the Dow to a triple-digit Friday gain. First of all, the private sector hired 67,000 new workers – more than the 41,000 analysts expected. Economists polled by Briefing.com feared the report would show a net loss of 107,000 jobs; instead, that net reduction was just 54,000. Job losses for June and July were also revised downward by the Labor Department.<sup>1,2</sup>

## CONSUMER SPENDING UP 0.4%

Personal spending had been flat in June, so investors welcomed the change of pace in July. Personal income rose 0.2% in July, with private sector salaries and wages up 0.5%. The personal savings rate declined to 5.9% from June's 6.2% mark, implying that more after-tax income had been spent.<sup>3</sup>

## ISM INDICES SIGNAL EXPANSION

The Institute for Supply Management's manufacturing sector index went to 56.3 in August from 55.5 in July. ISM's August service sector index came in at 51.5, below the 53.5 forecast by economists polled by Reuters. Anything above 50 means growth, yet this is down from the 54.3 mark of July. The index's employment barometer fell to 48.2 and its new orders gauge fell to 52.4 from 56.7 in July.<sup>4</sup>

## CONFERENCE BOARD GAUGES MORE OPTIMISM

The Conference Board Consumer Confidence Index rose to 53.5 in August, a notable increase from the 51.0 of July. Peering deeper into the survey, the CB's index of present conditions slipped to 24.9 in August from 26.4 in July, but its index of future expectations improved from 67.5 all the way to 72.5.<sup>5</sup>

## HOME PRICES RISE FOR THIRD STRAIGHT MONTH

The June edition of the Case-Shiller Home Price Index revealed a 1.0% gain – the third monthly advance for the index, which studies prices of existing homes in 20 metropolitan areas. Only one of those 20 areas saw prices decrease: Las Vegas.<sup>6</sup>

## DOW GOES BACK IN THE BLACK

September got off to a nice start on Wall Street – the three major U.S. indices all gained ground. The DJIA advanced 2.93% last week to settle at 10,447.93 Friday. The NASDAQ soared 3.72% to 2,233.75, and the S&P 500 topped the 1,100 level with a 3.75% weekly gain (it closed at 1,104.50 Friday).<sup>7</sup>

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.19	+11.81	+0.00001	-0.70
NASDAQ	-1.56	+12.63	+0.87	-4.72

	S&P 500	-0.95	+10.09	-1.86	-2.74
	REAL YIELD	9/3 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
	10 YR TIPS	1.09%	1.69%	1.59%	4.03%

Source: cnbc.com, bigcharts.com, ustreas.gov, bls.gov - 9/3/10<sup>7,8,9,10</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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## Citations.

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