Chuck Martino & Associates

Specialists in Business, Estate and Retirement Planning

Charles "Chuck" Martino CLU, ChFC Presents:

WEEKLY ECONOMIC UPDATE

October 4, 2010

WEEKLY QUOTE

"There is only one happiness in life - to love and to be loved."
– *George Sand*

WEEKLY TIP

If your company offers a 401(k) with dollar-for-dollar matching, consider maximizing your contribution in order to get the maximum match benefit. That match money is there for you; the more you give, the more you get.

WEEKLY 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 apples were left. How many apples were originally in the bag?

Last week's riddle:
I have no heart or mind, but I do have two legs. Yet they only touch the ground when I am not carrying things around. What am I?

Last week's answer:

CONSUMER SPENDING UP 0.4%

August personal spending beat the 0.3% gain forecast by economists polled by Bloomberg News. Personal income was up 0.5% for August, the biggest monthly gain of 2010. The "core" PCE price index (minus food and energy prices) rose just 0.1% in August, a signal of tame inflation. The personal savings rate ticked up to 5.8% from 5.7%. [1,2]

MIXED RESULTS FROM CONSUMER POLLS

Early last week, the Conference Board's consumer confidence index slumped to 48.2 for September, more than five points below forecasts. Yet a fresh Reuters/University of Michigan consumer sentiment survey surprised analysts Friday – that barometer came in at 68.2, above the consensus of 67.0 forecast by Bloomberg and improved from the previous 66.6 reading.[3,4]

ISM: MANUFACTURING GROWS MODESTLY

The Institute for Supply Management released its September manufacturing index on Friday. The September reading - 54.4 – indicated further growth, but also the slowest pace of expansion in 10 months.[1]

SURPRISE INCREASE IN CONSTRUCTION SPENDING

Analysts surveyed by Reuters felt we would see a 0.4% drop in this indicator for August. Instead, construction spending rose by 0.4% in that month (a month in which housing starts also surged). The downside: investment in private sector projects hit its lowest level since January 1998.[5]

FRIDAY GAINS WRAP UP A DOWN WEEK

The DJIA's four-week winning streak ended Friday, even as the index gained 41.63 on the first day of October. For the week, the DJIA went -0.28% to 10,829.68, the S&P 500 went -0.44% to 1,146.24 and the NASDAQ went -0.21% to 2,370.75. The final September numbers were pretty spectacular: DJIA, +7.72%; S&P 500, +8.76%; NASDAQ, +12.04%. Statistically, September 2010 was the best September for the Dow and S&P in 71 years. All ten industry groups in the S&P 500 advanced last month.[6,7]

COMING NEXT WEEK: On Monday, we get news on August pending home sales & factory orders. Tuesday, ISM releases its September service sector index. Thursday, we have the latest initial claims numbers & August consumer credit. On Friday, we will get the September unemployment rate from the Labor Department; August wholesale inventories data will also be released.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+3.85	+13.89	+0.49	+0.12

A wheelbarrow.

NASDAQ	+4.48	+15.23	+2.04	-3.36
S&P 500	+2.79	+11.30	-1.34	-2.02
REAL YIELD	10/1 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.75%	1.50%	1.78%	4.03%

Source: cnbc.com, bigcharts.com, ustreas.gov, bls.gov - 10/1/10[6,8,9,10]
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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