



Charles "Chuck" Martino CLU, ChFC Presents:

WEEKLY ECONOMIC UPDATE

November 22, 2010

WEEKLY QUOTE

"You are the only real obstacle in your path to a fulfilling life."
– Les Brown

WEEKLY TIP

Ramp up your college savings with rewards programs. There are credit cards and online shopping programs that can allow you to direct a steady stream of rebates toward your education fund.

WEEKLY RIDDLE

A coin lies inside an otherwise empty bottle that has a cork inserted in its neck. How can you remove this coin without removing the cork or breaking the bottle?

Last week's riddle:

It can be as round as a dishpan, as deep as a tub, and still the oceans couldn't fill it up. What is it?

Last week's answer:

A sieve.

NO RISE IN CORE CPI OR CORE PPI IN OCTOBER

Last month, the Consumer Price Index rose 0.2% with core CPI flat for the third month in a row. Core CPI has advanced at a crawl in the past 12 months: just 0.6% compared to a Federal Reserve annualized target of 2.0%. Producer prices rose 0.4% last month, duplicating their August and September increase. Yet core producer prices fell 0.6%.^{1,2}

HOUSING STARTS SLIP, MORTGAGE RATES JUMP

The Commerce Department announced an 11.7% slump in new residential construction starts for the month of October, and a 1.9% slip from year-ago levels. A drop in apartment and condo construction accounted for most of the October decline. Last week, Freddie Mac said that the average rate on a 30-year conventional home loan had jumped to 4.39% from 4.17% a week prior. The average rate for a 15-year FRM had increased to 3.76%, up from 3.57% in Freddie's previous survey.^{3,4}

RETAIL SALES 7.3% BETTER THAN A YEAR AGO

Car buying drove a 1.2% gain in U.S. retail sales in October. In fact, the Census Bureau reported a 14.7% year-over-year increase in sales volume at car dealerships. The year-over-year gain in overall retail sales was 7.3%, and 13.5% for non-store retailers.⁵

CONFERENCE BOARD INDEX UP 0.5%

The Conference Board's index of leading economic indicators notched its second straight half-percent increase in October. This was also its fourth straight advance.⁶

GM IPO TURNS THE WEEK AROUND

Thursday's eagerly awaited initial public offering from General Motors sent the Dow on a triple-digit rally and turned a down week into a flat one. Here is how the three marquee indices performed last week: DJIA, +0.10% to 11,203.55; S&P 500, +0.04% to 1,199.73; NASDAQ, 0.00% to 2,518.12 (it actually fell .09 on the week).^{7,8}

COMING NEXT WEEK:

No economic releases are scheduled for Monday. Tuesday, we have October existing home sales and the release of the minutes from the Fed's November 3 policy meeting, plus the second estimate of 3Q GDP. Wednesday, we have even more data: the October consumer spending report, October new home sales, October durable goods orders and the final November consumer sentiment survey from the University of Michigan.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+7.44	+8.43	+0.81	+0.71
NASDAQ	+10.97	+16.75	+2.61	-1.24

	S&P 500	+7.59	+9.57	-0.78	-1.06
	REAL YIELD	11/19 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
	10 YR TIPS	0.77%	1.21%	2.09%	4.03%

Source: cnbc.com, bigcharts.com, ustreas.gov, bls.gov - 11/19/10^{7,8,9,10,11}
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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