Chuck Martino & Associates

Specialists in Business, Estate and Retirement Planning

Charles "Chuck" Martino CLU, ChFC Presents:

WEEKLY ECONOMIC UPDATE

February 21, 2011

WEEKLY QUOTE

"There are no problems we cannot solve together, and very few that we can solve by ourselves."
– Lyndon B. Johnson

WEEKLY TIP

It is comforting to have an emergency fund - a lump sum roughly equivalent to 6 months of normal living expenses. That lump sum could even be invested in an interest-earning account that allows you easy access.

WEEKLY RIDDLE

Tim hands a friend $63 using six bills, yet none of them are dollar bills. How is he able to do this?

Last week's riddle:
You answer me all the time, yet I never ask you questions. What am I?

Last week's answer:
Your phone.

INFLATION UP 0.4% FOR SECOND STRAIGHT MONTH

The federal government's Consumer Price Index hasn't seen back-to-back increases of this magnitude since June-July 2008. As overall CPI rose 0.4% in January, core CPI rose 0.2% - the biggest increase in that indicator in 15 months. In addition, the Labor Department's Producer Price Index climbed 0.8% for January.[1]

CONFERENCE BOARD LEI TICKS UP 0.1%

January brought a tiny increase in the Conference Board's Leading Indicator Index. New manufacturing orders, consumer expectations and low interest rates were the indicators pushing the index into positive territory.[2]

RETAIL SALES, INDUSTRIAL OUTPUT DISAPPOINT

Blame the weather, not the shopper: the Commerce Department said retail sales were up 0.3% for January, underneath the 0.5% gain forecast by economists surveyed by Bloomberg News. On the upside, retail sales posted their seventh straight monthly gain. The weather also may have been a factor in the 0.1% retreat in U.S. industrial production last month. The Federal Reserve did revise December's gain in that indicator from 0.8% to 1.2%.[3,4]

HOUSING STARTS UP 14.6%

This is the biggest jump in new construction in four months, according to the Commerce Department. While building permits fell 10.4% from December levels, that comes on the heels of a 15.3% rise in December as firms rushed to get permits before building code changes took effect for 2011 in several states.[5]

STOCKS ON PACE FOR A FINE FEBRUARY

Last week continued the pattern we've seen recently, with the Dow calmly gaining between 10-100 points on the typical trading day. The numbers for the week: DJIA, +0.96% to 12,391.25; NASDAQ, +0.87% to 2,833.95; S&P 500, +1.04% to 1,343.01.[6]

THIS WEEK: U.S. financial markets are closed Monday for the Presidents Day holiday. Tuesday we get the December Case-Shiller home price index and the Conference Board's February assessment of consumer confidence, plus 4Q earnings from Wal-Mart, Home Depot, Macy's and Barnes & Noble. Wednesday offers data on January existing home sales and 4Q results from Priceline. Thursday brings new data on new home sales, durable goods orders and earnings from Kohl's, Sears, Target and General Motors. Friday, we have the University of Michigan's final February consumer sentiment survey and 4Q results from JC Penney.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+7.03	+19.23	+2.30	+1.55
NASDAQ	+6.83	+26.42	+4.83	+2.22

S&P 500	+6.79	+21.35	+0.87	+0.50
REAL YIELD	2/18 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	1.25%	1.48%	2.03%	3.52%

Source: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 2/18/11[6,7,8,9]
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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