



Frank DeMaio Presents:

WEEKLY ECONOMIC UPDATE

January 9, 2012

WEEKLY QUOTE

“Being brilliant is no great feat if you respect nothing.”

– Johann Wolfgang von Goethe

WEEKLY TIP

If you’re thinking about selling a business, consider contacting a business broker, one that represents companies similar to yours. It may make finding an appropriate buyer easier.

WEEKLY RIDDLE

What is worn by the foot and often bought by the yard?

Last week’s riddle:

They can run side by side for thousands of miles; they are made of steel. While they constantly touch the ground, they seldom meet or touch each other. What are they?

Last week’s answer:

Railroad tracks.

UNEMPLOYMENT DOWN TO 8.5%

In December, the jobless rate declined for the fourth straight month to its lowest level since February 2009. The Labor Department announced that the economy added 200,000 net new jobs last month, topping the consensus forecast of analysts polled by Reuters who expected a gain of 155,000. Separately, payroll processing firm ADP reported private sector firms hiring 325,000 workers in December. Whether December’s boost reflects a seasonal hiring boom or not, Labor Department data indicates that private sector payrolls expanded by an average of 132,000 jobs per month during the second half of 2011.^{1,2}

MANUFACTURING, SERVICE SECTOR GAUGES RISE

According to the twin barometers of the Institute for Supply Management, the U.S. manufacturing and non-manufacturing sectors continued to expand last month. ISM’s service sector PMI came in at 52.6, up 0.6% from the November reading; its manufacturing PMI rose to 53.9 from November’s 52.7 mark.³

BIG GAINS OUT OF THE GATE FOR GOLD & CRUDE

The first trading week of 2012 saw crude oil futures rise 2.73% to top \$100 a barrel again; futures settled at \$101.56 Friday on the NYMEX. Gold went back above the \$1,600 level with a \$50.30 weekly advance. Gold futures were up 3.21% for the week; Friday’s closing price on the COMEX was \$1,616.10.^{4,5}

STOCKS START 2012 WITH GAINS

Across January 3-6, the Dow rose 1.17% to 12,359.92, the NASDAQ climbed 2.65% to 2,674.22 and the S&P 500 advanced 1.61% to 1,277.81. Optimism prevailed despite more woes from the Eurozone: Fitch Ratings lowered Hungary’s credit rating to “junk” status on Friday and the euro fell to a 16-month low versus the dollar.²

THIS WEEK: Monday, German chancellor Angela Merkel and French president Nicolas Sarkozy meet to discuss the EU’s new fiscal pact; Alcoa kicks off the Q4 earnings season. Tuesday, we get a report on November’s wholesale trade. Wednesday brings a new Beige Book from the Federal Reserve and Q4 results from Lennar. Thursday, the Census Bureau releases December retail sales figures, the latest initial jobless claims data arrives and the European Central Bank and Bank of England issue monetary policy statements. On Friday, the University of Michigan’s preliminary January consumer sentiment survey will be out, plus Q4 earnings from JPMorgan.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.17	+5.66	-0.0006	+2.12
NASDAQ	+2.65	-1.32	+1.97	+3.13
S&P 500	+1.61	+0.31	-1.87	+0.97
REAL YIELD	1/6 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.11%	0.96%	2.39%	3.48%

Sources: online.wsj.com, bigcharts.com, treasury.gov, treasurydirect.gov - 1/6/12^{2,7,8,9}
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.

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Citations.

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