



Frank DeMaio Presents:

WEEKLY ECONOMIC UPDATE

December 12, 2011

WEEKLY QUOTE

“Education is the transmission of civilization.”

– Will Durant

WEEKLY TIP

In search of a sizable tax deduction? One idea: donate clothes, electronics and other household items to an IRS-approved charity before 2012 arrives. There are free online tools that can help you keep track of itemized deductions.

WEEKLY RIDDLE

Seven people stand in a square room which measures 30' x 30'. Each one can see the entire room and everyone in it without making any physical movement (aside from eye movement). Where inside this room can you place an apple so that all but one person can see it?

Last week's riddle: Alexandra's mom had four children. The first one was named May, the second was named June, and the third was named August. What was the fourth child's name?

Last week's answer:

CONSUMERS FEEL BETTER IN EARLY DECEMBER

December's initial University of Michigan consumer sentiment index is in, and the reading of 67.7 represents a six-month high. This is a 3.6% increase from the final November survey. The sub-index of consumer expectations (which some regard as an indicator of future consumer spending) improved from 55.4 to 61.1. In other positive news for households, retail gas prices hit a low unseen since February on December 5, according to the American Automobile Association, \$3.27 was the national average for a gallon of regular unleaded.¹

SERVICE SECTOR GROWTH MODERATES

The 52.0 reading on the Institute for Supply Management's November service sector index was the lowest since January 2010. Anything above 50 still denotes expansion, but the reading disappointed investors; economists polled by Reuters had forecast a 0.6% gain to 53.5.²

MORTGAGE APPS RISE ALMOST 13%

The Mortgage Bankers Association reports that home loan demand hit a four-month peak in the week of November 28-December 2. According to Freddie Mac's latest figures, the average rate on the 15-year FRM was 3.27% last week; interest rates on 30-year FRMs averaged 3.99%.³

GOLD & OIL RETREAT FOR THE WEEK

Despite strong Friday gains, oil and gold both had down weeks. Oil futures slipped 1.54% across five days to \$99.41 while gold futures lost \$34.20 across the same time frame to settle at \$1,712.80 per ounce on the COMEX December 9.⁴

RALLY REACHES TWO WEEKS

A new EU fiscal treaty helped stocks push north Friday, (even with the UK opting out of the deal). Across December 5-9, the DJIA gained 1.37%, the S&P 500 0.88% and the NASDAQ 0.76%. At the close on Friday, the Dow was at 12,184.26, the S&P at 1,255.19, and the NASDAQ at 2,646.85.^{5,6}

THIS WEEK: No major economic news is scheduled for Monday (at least not stateside). On Tuesday, the Census Bureau issues retail sales data for November, a Federal Reserve FOMC meeting occurs and we have 3Q earnings from Best Buy. Wednesday, an OPEC meeting concludes. Thursday, a plethora of earnings reports roll out (Adobe, FedEx, RIM, RiteAid, Discover and Accenture) and we also get the November PPI, the latest weekly jobless claims and a report on industrial output. Friday brings November's CPI and a speech from ECB president Mario Draghi.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+5.24	+7.16	-0.20	+2.28
NASDAQ	-0.23	+1.15	+1.72	+3.29
S&P 500	-0.19	+1.80	-2.19	+1.01
REAL YIELD	12/9 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.01%	1.09%	2.21%	3.50%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 12/9/11^{5,7,8,9}

Alexandra.	Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.
<p>Please feel free to forward this article to family, friends or colleagues. If you would like us to add them to our distribution list, please reply with their address. We will contact them first and request their permission to add them to our list.</p>	

Frank DeMaio, CPF®, CFA is a Registered Principal Offering Securities through UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA. A Limited Partnership. Member: FINRA. SIPC. JTD Financial Services and United Planners' are not affiliated. Frank may be reached at 603-641-1010.

This material was prepared by MarketingLibrary.Net Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. Marketing Library.Net Inc. is not affiliated with any broker or brokerage firm that may be providing this information to you. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is not possible to invest directly in an index. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. All economic and performance data is historical and not indicative of future results. Market indices discussed are unmanaged. Investors cannot invest in unmanaged indices. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Citations.

- 1 - www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/12/09/bloomberg_articlesLVY380oUQVI9.DTL [12/9/11]
- 2 - www.reuters.com/article/2011/12/05/us-usa-economy-services-idUSTRE7B415X20111205 [12/5/11]
- 3 - www.usatoday.com/money/economy/housing/story/2011-12-08/mortgage-rates-hover-near-lows/51740400/1 [12/8/11]
- 4 - blogs.wsj.com/marketbeat/2011/12/09/data-points-energy-metals-534/ [12/9/11]
- 5 - www.cnn.com/id/45611888 [12/9/11]
- 6 - montoyaregistry.com/Financial-Market.aspx?financial-market=retirement-investment-funds&category=3 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=12%2F9%2F10&x=0&y=0 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=12%2F9%2F10&x=10&y=18 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=12%2F9%2F10&x=0&y=0 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=12%2F8%2F06&x=0&y=0 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=12%2F8%2F06&x=0&y=0 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=12%2F8%2F06&x=0&y=0 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=12%2F10%2F01&x=0&y=0 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=12%2F10%2F01&x=0&y=0 [12/9/11]
- 7 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=12%2F10%2F01&x=0&y=0 [12/9/11]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [12/9/11]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [12/9/11]
- 9 - treasurydirect.gov/instit/annceresult/press/preanre/2001/ofm71101.pdf [7/11/01]