



Frank DeMaio Presents:

# WEEKLY ECONOMIC UPDATE

February 3, 2012

## WEEKLY QUOTE

“If you would be loved, love and be lovable.”

- Benjamin Franklin

## WEEKLY TIP

As your retirement progresses, your retirement strategy should be reviewed in light of budgeting and inflation concerns and the current financial climate.

## WEEKLY RIDDLE

A lone pine tree stands on a cliff. The wind is blowing from the east through the mountains. Which way do the tree's leaves blow?

## Last week's riddle:

It has no crown, yet when the chips are down it is more powerful than a king or queen. What is it?

## Last week's answer:

An ace in a deck of cards.

## JOBLESS RATE DOWN TO 8.3%

Are we seeing a trend here? The unemployment rate has now fallen 0.8% in the last six months. We haven't seen a descent this sharp and swift since 1984. January hiring blew away forecasts: the Labor Department said the economy added 243,000 jobs last month, while economists polled by Briefing.com expected non-farm payrolls to grow by 155,000 positions. The labor force hasn't grown so much in a month since last April, and the numbers are making analysts wonder if the Federal Reserve will tinker with interest rates months ahead of expectations.<sup>1,2</sup>

## HOUSEHOLDS SAVE FIRST, SPEND SECOND

Consumer spending was flat in December after gains of just 0.1% in November and October. More significantly, consumer incomes rose 0.5% for December and so did the personal savings rate. People essentially put the extra money in the bank. In related news, the federal government estimated 2011 GDP at 1.7%, about half of the economic growth seen in 2010.<sup>3</sup>

## BOTH ISM INDEXES RISE

The Institute for Supply Management's closely watched purchasing manager indexes signaled expanding service and manufacturing sectors in January. ISM's service sector PMI improved 3.8% to 56.8. Its manufacturing PMI advanced 1.0% to 54.1.<sup>4</sup>

## CASE-SHILLER INDEX DECLINES AGAIN

This was the third straight monthly dip for the 20-city roundup of residential home prices. The latest available edition (November) showed a 1.3% monthly retreat in prices with a 3.7% year-over-year drop.<sup>5</sup>

## NASDAQ TOPS 2,900

The tech-heavy index closed at an 11-year high Friday: 2,905.66. The Dow settled at 12,862.23 at week's end, its best close since May 2008. The S&P 500 finished Friday at 1,344.90. The weekly gains: DJIA, 1.59%; S&P, 2.17%; NASDAQ, 3.16%.<sup>1,6</sup>

**THIS WEEK:** Earnings take center stage in a stretch without much economic data. Monday brings Q4 results from Yum Brands, Humana and Hasbro. Tuesday, earnings arrive from Disney, UBS, Toyota, BP, Coca-Cola and Hartford Financial. Wednesday, Groupon, VISA, CVS, Sprint Nextel, Time Warner and Cisco join in. Thursday, the Bank of England and ECB wrap up policy meetings; new initial claims figures complement earnings reports from Expedia, PepsiCo, Dunkin' Brands, Sirius XM Radio, Rio Tinto and Credit Suisse. Friday, the University of Michigan's initial February consumer sentiment survey comes out plus Q4 results from Barclays.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+5.28	+6.63	+0.33	+3.28
NASDAQ	+11.54	+5.51	+3.47	+5.66
S&P 500	+6.94	+2.89	-1.43	+2.29
REAL YIELD	2/3 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.21%	1.23%	2.42%	3.48%

Sources: money.msn.com, bigcharts.com, treasury.gov, treasurydirect.gov - 2/3/12<sup>1,7,8,9</sup>

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.  
These returns do not include dividends.

**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.**

*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 - [money.msn.com/market-news/post.aspx?post=7c25b3c1-0028-46a6-a114-77f785c12529](http://money.msn.com/market-news/post.aspx?post=7c25b3c1-0028-46a6-a114-77f785c12529) [2/3/12]
- 2 - [www.briefing.com/investor/calendars/economic/2012/01/30-03](http://www.briefing.com/investor/calendars/economic/2012/01/30-03) [2/3/12]
- 3 - [www.mercurynews.com/breaking-news/ci\\_19853130](http://www.mercurynews.com/breaking-news/ci_19853130) [1/30/12]
- 4 - [www.ism.ws/ISMReport/NonMfgROB.cfm](http://www.ism.ws/ISMReport/NonMfgROB.cfm) [2/3/12]
- 5 - [www.latimes.com/business/money/la-fi-mo-home-prices-decline-20120131,0,3490723.story](http://www.latimes.com/business/money/la-fi-mo-home-prices-decline-20120131,0,3490723.story) [1/31/12]
- 6 - [montoyaregistry.com/Financial-Market.aspx?financial-market=common-financial-mistakes-and-how-to-avoid-them&category=29](http://montoyaregistry.com/Financial-Market.aspx?financial-market=common-financial-mistakes-and-how-to-avoid-them&category=29) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F3%2F11&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F3%2F11&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F3%2F11&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F3%2F11&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F3%2F11&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F3%2F11&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F2%2F07&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F2%2F07&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F2%2F07&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F2%2F07&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F2%2F07&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F2%2F07&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F4%2F02&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=2%2F4%2F02&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F4%2F02&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=2%2F4%2F02&x=0&y=0) [2/3/12]
- 7 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F4%2F02&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=2%2F4%2F02&x=0&y=0) [2/3/12]
- 8 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield) [2/3/12]
- 8 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll) [2/3/12]
- 9 - [treasurydirect.gov/instit/annceresult/press/preanre/2002/ofm10902.pdf](http://treasurydirect.gov/instit/annceresult/press/preanre/2002/ofm10902.pdf) [1/9/02]