

WEEKLY EconUpdate

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Weekly Economic Update for the Week of February 8, 2010

Quote of the week. "Simplicity is the ultimate sophistication." – Leonardo da Vinci

Jobless rate falls to 9.7%. The January statistic from the Labor Department was encouraging – a 0.3% drop from December. Bizarrely, there was no job growth even with that sizable decline – payrolls slimmed by about 20,000 positions last month. Revised federal figures showed a gain of 64,000 jobs for November and a loss of 150,000 in December.¹

ISM index hits 5½-year high. The Institute for Supply Management's manufacturing index rose to 58.4 in January, a peak unseen since August 2004. Economists surveyed by Reuters thought it would come in at 55.5. As for ISM's service sector gauge, it read 50.5 for January, showing growth.^{2,3}

Spending, wages & savings rate rise. The Bureau of Economic Analysis said that consumer spending went up 0.2% in December. Wages rose 0.4% (the sixth straight monthly increase) and the personal savings rate went north to 4.8%.⁴

Factory orders up 1.0%. So indicates December data from the Commerce Department. This was the eighth monthly gain in the last nine. Economists polled by Reuters had forecast an 0.5% advance.⁵

Wild week takes stocks a bit lower. After two triple-digit rallies and a major Thursday selloff triggered by sovereign debt concerns, the Dow pulled out of a descent and pulled off a 10-point gain on Friday, ending the week above 10,000. The S&P 500

closed Friday at 1,066.19, and was down 0.79% for the week. The NASDAQ wrapped up Friday at 2,141.12, down 0.29% last week. The Dow's weekly loss was 0.55%, leaving it at 10,012.23.⁶

| % Change | Y-T-D | 1-Yr Chg | 5-Yr Avg | 10-Yr Avg |
|------------|-------|----------|-----------|------------|
| DJIA | -3.99 | +24.17 | -1.31 | -0.87 |
| NASDAQ | -5.64 | +38.47 | +0.52 | -4.96 |
| S&P 500 | -4.39 | +26.05 | -2.27 | -2.51 |
| Real Yield | 2/5 | 1 Yr Ago | 5 Yrs Ago | 10 Yrs Ago |
| 10YrTIPS | 1.32% | 1.84% | 1.65% | 4.34% |

(Source: CNBC.com, CNNMoney.com, ustreas.gov, bls.gov, 2/5/10)^{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.

Riddle of the week. A family has a mother, father and four daughters. Each daughter has one brother. How many people are in the family?
Contact my office or see next week's Update for the answer.

Last week's riddle: A plastic bottle filled with cola weighs one liter. What do you need to add to it to make it weigh less than two ounces?

Last week's riddle answer: If you add a hole to the bottle, the cola will drain out and the liter bottle will weigh less than two ounces. *(Actually, a liter is a measure of volume, not weight - but for the purposes of this riddle it is neither here nor there.)*

Please feel free to forward this article to family, friends or colleagues. If you would like us to add them to our list, please reply with their address and we will contact them and ask for their permission to be added.

«RepresentativeDisclosure»

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