

WEEKLY ECONOMIC UPDATE

February 20, 2012

WEEKLY QUOTE

“In times of rapid change, experience could be your worst enemy.”

- J. Paul Getty

WEEKLY TIP

If you are getting married and want to buy a home, consider setting up a wedding registry that collects money specifically for a down payment.

WEEKLY RIDDLE

What item binds two people yet touches only one?

Last week's riddle:

A train moving as fast as it can strikes a man's hand, yet he is uninjured and the train goes off its tracks. Under what circumstances could this happen?

Last week's answer:

The man is struck by a model train running around a train set.

CONSUMER PRICES UP 0.2% FOR JANUARY

Major factors in this increase in the Consumer Price Index include a 0.9% rise in the price of clothing as well as rising rents and healthcare costs. Core CPI also rose 0.2% in January. The annualized inflation rate hit 2.3% last month, yet the Federal Reserve expects but a 1.6% gain in the CPI across 2012. Wholesale inflation ticked up 0.1% for January, with the core Producer Price Index up 0.4%.¹

RETAIL SALES FALL SHORT OF (HIGH) EXPECTATIONS

The Census Bureau reported a healthy 0.4% rise in U.S. retail purchases for January. However, economists polled by Dow Jones Newswires thought they would rise 0.9% for the month. Subtract a 1.1% decline in auto sales from the data, and retail sales were up 0.7% for January.²

LEADING INDICATORS HIT 3½-YEAR PEAK

The Conference Board's Leading Indicator Index rose 0.4% in January, with seven of ten indicators improving. (The most notable positive detected: a widening in the spread between short-term and long-term interest rates.) The index advanced for a fourth consecutive month.³

NASDAQ 3,000? DOW 13,000?

Both indices approached those psychological landmarks on Friday. The Dow went +1.16% for the week, the NASDAQ +1.65% and the S&P 500 +1.38%. At week's end, the Dow was at 12,949.87, the NASDAQ at 2,951.78 and the S&P at 1,361.23. Oil futures soared 4.63% last week on the NYMEX to settle at \$103.24 a barrel Friday. Gold had a flat week, settling at \$1,724.50 Friday on the COMEX following a 0.07% five-day advance.^{4,5,6}

THIS WEEK: U.S. financial markets are closed Monday for the Presidents Day holiday; big news could come out of Europe Monday, as Eurozone finance ministers could greenlight a new bailout package for Greece. Tuesday, earnings reports roll in from Barnes & Noble, Macy's, Dell, Saks, Wal-Mart, Kraft Foods, Home Depot and Radio Shack. Wednesday, the NAR puts out data on January existing home sales and quarterly results come in from Toll Bros., MGM, TJX, Dollar Tree, Fluor, Consec, Hertz and Hewlett-Packard. Thursday brings earnings from Target, Kohl's, Hormel, OfficeMax, Safeway, Sears, Public Storage, Gap and AIG. Friday, the final University Of Michigan consumer sentiment survey for February appears, the Census Bureau publishes January new home sales figures and J.C. Penney, Scripps and Berkshire Hathaway issue Q4 results.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+5.99	+5.13	+0.29	+3.29
NASDAQ	+13.31	+4.24	+3.65	+6.86
S&P 500	+8.24	+1.55	-1.30	+2.57
REAL YIELD	2/17 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.23%	1.31%	2.36%	3.48%

Sources: cncb.com, bigcharts.com, treasury.gov, treasurydirect.gov - 2/17/12^{4,7,8,9}
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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