

Weekly Econ Update

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WEEKLY ECONOMIC UPDATE

May 21, 2012

WEEKLY QUOTE

“Pleasure in the job puts perfection in the work.”

- Aristotle

WEEKLY TIP

If marriage will give you a new last name, be sure to notify Social Security, your bank, and the investment and insurance companies with whom you have accounts and policies about the name change.

WEEKLY RIDDLE

You need to park a car for the weekend. You find a parking space marked “2-Hour Parking M-F, 8am-6pm” with no other restrictions. You call the city and find that overnight parking is allowed on this block. So, what is the maximum amount of time you can leave your car in this space without getting a ticket?

Last week’s riddle:

We know that a seahorse isn’t a horse, and we know that a silverfish isn’t a fish. For that matter, a snakehead isn’t a snake – but what is it?

Last week’s answer:

A predatory fish found in both Asia and Africa.

FACEBOOK DEBUT DIVERTS ATTENTION FROM EUROPE

Facebook’s IPO set a new record for a stock debut Friday – volume surpassed 578 million shares. The gain was small: shares closed at \$38.23 at the end of regular trading, up 0.61% from the initial \$38 offering price. Meanwhile, the S&P 500 ended the trading week below 1,300, a casualty of renewed pessimism over the future of the euro and debt burdens in Spain and Greece. Greece dissolved its parliament Friday and set new elections for June, increasing global fears that it will exit the euro. Moody’s issued downgrades for 16 Spanish banks on Thursday, and one of them was Banco Santander – the biggest bank in the Eurozone.^{1,2}

CPI IS FLAT FOR APRIL

According to the Commerce Department, April brought no change in the Consumer Price Index and only a 0.1% advance in retail sales. Annualized consumer inflation was at 2.3% last month, the lowest in 14 months. Core CPI was up 0.2% in April.³

CONFERENCE BOARD LEI DECLINES

The private research group’s monthly index of leading economic indicators retreated 0.1% for April after a 0.3% March gain. On the upside, the index has risen 1.8% in the past six months compared to 0.1% in the six months prior.⁴

HOUSING STARTS RISE 2.6% IN APRIL

Homebuilders broke ground on 717,000 homes in April. Single-family construction starts were up 2.3% from March levels.⁵

HEADWINDS SWEEP THROUGH WALL STREET

Facebook frenzy notwithstanding, the market had it rough last week. The major index performance during May 14-18: S&P 500, -4.30% to 1,295.22; DJIA, -3.52% to 12,369.38; NASDAQ, -5.28% to 2,778.79. The end-of-day yield on the 10-year Treasury was 1.69% last Thursday, near the all-time intraday low of 1.67%.^{1,6,7}

THIS WEEK: Monday brings Q1 results from Urban Outfitters, Lowe’s and Campbell’s Soup. Tuesday, the NAR gives us data on April existing home sales and Q1 results are in from AutoZone, Best Buy and Dell. Wednesday brings fresh earnings reports from Hewlett-Packard, Big Lots, Toll Bros. and Pandora and the Census Bureau’s numbers on April new home sales. A report on April durable goods orders arrives on Thursday, along with earnings from Costco and Tiffany. Friday brings no earnings reports, but the final May Reuters/University of Michigan consumer sentiment survey will appear.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.24	-1.52	-1.75	+1.95
NASDAQ	+6.67	-1.29	+1.72	+5.96
S&P 500	+2.99	-3.39	-2.99	+1.70
REAL YIELD	5/18 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.39%	0.82%	2.46%	3.48%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 5/18/12^{1,8,9,10}
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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