

John Steele, CFP®, CRC®, CRPC, ChFEBC Presents Weekly Economic Update for the Week of June 14, 2010

Quote of the week. “Your assumptions are your windows on the world. Scrub them off every once in awhile, or the light won’t come in.” – Alan Alda

Retail sales down 1.2% in May. What happened? Perhaps consumers took a break after spending notably in March and April. Auto sales slipped 1.7%; hardware store sales fell 9.3%, possibly influenced by the expiration of homebuyer tax credits.¹

Consumer sentiment rises. Consumers may have bought less recently, but according to the University of Michigan/Reuters consumer sentiment poll, their confidence has increased. June’s preliminary reading was 75.5 – a rise from the final 73.6 May mark. The barometer of current economic conditions reached 82.9; it hasn’t been this high since March 2008.²

Wholesale, business inventories increase. The Commerce Department reported 0.4% gains in both categories for April. Business inventories hit their highest level since last June; wholesale inventories were up for a fourth consecutive month.^{2,3}

Gold touches \$1,250 level. The precious metal hit a new intraday peak last week (\$1,254.50) and settled at \$1,230.20 per ounce Friday. Gold gained 1.03% last week, and other metals did better: silver futures rose 5.39% and palladium futures were up 4.07%. Copper also advanced 3.00% for the week.⁴

S&P 500 gains 2.51%. Welcome news: from Monday to Friday, the index had its best week since

early March. The NASDAQ gained 1.10% and the DJIA gained 2.81% last week, with the Dow settling at 10,211.07.⁵

% Change	Y-T-D	1-Yr Chg	5-Yr Avg	10-Yr Avg
DJIA	-2.08	+16.42	-0.57	-0.33
NASDAQ	-1.13	+20.47	+1.75	-4.05
S&P 500	-2.11	+15.53	-1.78	-2.45
Real Yield	6/11	1 Yr Ago	5 Yrs Ago	10 Yrs Ago
10YrTIPS	1.29%	1.89%	1.74%	4.34%

(Source: CNBC.com, BigCharts.com, ustreas.gov, bls.gov, 6/11/10)^{5,6,7,8}
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. Four cars approach an intersection with four-way stop signs simultaneously, each car coming from a different direction. After stopping, the drivers all accelerate at the same time. However, there is no accident. How is this possible? *Contact my office or see next week’s Update for the answer.*

Last week’s riddle: Many people assume that a particular four-word phrase appears on every type of U.S. coin – but they are wrong. What four words do appear on every U.S. coin?

Last week’s riddle answer: United States of America.

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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.***

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Citations.

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