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Weekly Economic Update for Year End 2010

Attached you will find this week's Year End Economic Update:

Stocks and Commodities: Stocks ended the year quietly as equity indexes were mixed (closing $\pm 0.5\%$). The best equity index in 2010 was the Russell 2000 (small cap) ending up 25.3% for the year. EAFE international index gained the least (5%). The price of Gold continued to climb 3% last week to finish the year up almost 30% at \$1,421.40 an ounce. The price of Crude Oil continued to float above \$91 a barrel (a 15% price rise in YE2010).

Bond, Mortgage and Deposit Rates: The Treasury yield curve finished the year about as flat as it started (the spread between the 2-year Note and the 10-year Bond was 270bp at YE2009 and 268bp at YE2010). LIBOR rates remained steady, but Swap rates fell about 10bp across the board. Mortgage rates began to rise again last week on all products. Local mortgage rates also increased but remain more than 30 basis points below the average national rates. Freddie Mac's 30- and 25-year mortgage rates increased 5bp last week, but overall average mortgage rates are at their lowest point in 55 years. The average earnings rate on state and local Money Market accounts and CDs remains stable.

Nothing to Brag About: Milwaukee finds itself in first place on (The Daily Beast's news) list of the "40 Drunkest Cities." According to the publisher, residents of Milwaukee (the home of the former Miller, Schlitz, Pabst, Blatz and other brewing companies) drink an average of 12.76 drinks per month. A total of 7.1% of adults are considered heavy drinkers, another 21.8% of adults are considered binge drinkers, and there are 3.9 deaths per 100,000 residents from alcoholic liver disease according to The Daily Beast's list. Frankly, I prefer wine or scotch. Drink responsibly, drive safely, and Milwaukee can hold its liquor better than any city in the world.

Next week the Weekly Economic Update will show new benchmarks for YE2010.

Thanks for reading,



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