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Weekly Economic Update

Attached you will find this week's Economic Update:

Stocks and Commodities: The stock market continued its march to new modern highs last week on good job reports. The unemployment rate fell to 8.8%, its lowest level in two years causing most stock indexes to gain 1.5% last week. The Dow Jones Industrial Average gained 6.4% in the 1st Qtr, its best Qtr in 12 years. But Oil is still climbing (Why?) as it nears \$108 a barrel. The price of Oil is up over 18% in the 1st Qtr while the price of Gold only gained \$1.30 an ounce last week (and up 0.5% in price YTD).

Bond, Mortgage and Deposit Rates: Treasury Notes gained 5bp while rates on T-Bills and Bonds remained stable last week. LIBOR and Swap rates again mirrored stability and rise in the Treasury yields. The national mortgage rates are slowly moving higher, but the local average mortgage rates are constant and even falling a few basis points. Rates on all Freddie Mac's mortgage products were higher by at least 5bp. Interest rates on state and local Money Market accounts and CDs were again stable over last week.

Cell Phones taking over: Smart phones comprised an average of 31% of all wireless company sales through June and were used by 23% of contract customers. Smart phone subscribers rose 11% in two years. The average revenue per contract user for a smart phone was \$86 a month vs. \$55 a month for non-smart phones. Over 90% of wireless carriers offer an online portal for customers to download applications for their devices. Prepaid sales (in which customers pay month-to-month for their service instead of signing 2-year contracts) also grew to an average of 22.5% of all revenue. Average monthly use for prepaid customers reached 757 minutes, up 14 % from 2009 and up 181% from 2006. Prepaid providers are also getting into the smart phone game, with email and Internet access fees making up 25% of prepaid data revenue in 2010, up from 1% in 2009.

Thanks for reading,



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