

W Mohre LLC

John W. Lohre
Principal

www.JWLohreLLC.com

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Weekly Economic Update

Attached you will find a new format to this week's Economic Update:

Stocks and (New) Commodities: Stocks were mixed last week as major equity indexes were nearly flat or down a little as investors worried about political and energy concerns. Most noteworthy are the continuing spikes in local gasoline prices which are approaching \$4 a gallon in Wisconsin. Last week crude oil broke through the \$112-a-barrel level settling for the week at \$112.79, up 23% since January 1. The price of Gold gained almost \$50 an ounce.

Several readers have asked that we include other precious metals in the Weekly Economic Update. So this (new) edition brings in a format for Silver and Copper. Those metals (especially silver) appear more volatile in the open market albeit not as expensive as gold.

Bond, Mortgage and Deposit Rates: The Treasury yield curve steepened as the spread between the 2-year Note and the 10-yr Bond gained 12bp. LIBOR and the Swap rates again mirrored the Treasury yields. The yield increases are being felt across the entire bond market which is creating higher yields in the mortgage rate benchmarks. The result: national and local mortgage rates are slowly moving higher. Rates on all Freddie Mac's mortgage products were higher by 1bp. But if you are looking for a higher savings rate on your state and local Money Market accounts and CDs, think again as banks are slow to raise rates on savings vehicles in today's banking environment.

Does Anyone Want the Baby Boomers' Stuff?: Over the past decade, we've spent nearly \$2 trillion annually on household and consumer goods. But much of that stuff has become increasingly difficult to resell according to auctioneers, Goodwill and eBay:

- Traditional middle-class furniture is down > 50% from pre-cash prices.
- Since 2000, there's been a 23% increase in junking small appliances, household goods, bathroom accessories, and the like.
- Some half a billion old gadgets languish in our homes; more than twice as many as did in 2007.
- Except for its gold content, the price of jewelry like used wristwatches has dropped 28% in the past two years on eBay.
- Donations of clothing to Goodwill jumped 12% in 2010, more than triple the rise in 2009.
- Based on lot prices, the average amount fetched at auction for fine art fell 43% from 2008 to 2010.

Thanks for reading,



Contributing Editor

Home Office: 1025 West Fairfield Ct.
Glendale, WI 53217
Branch Office: 12960 W Bluemound Rd
Elm Grove, WI 53122
Cell: (262) 408-3463

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