

April 18, 2011

## Weekly Economic Update

Attached you will find this week's Economic Update:

**Stocks and Commodities:** Stocks fell back last week as Congress could not come up with a compromise for the federal government's fiscal budget. Most indexes were down less than 1% but the international index dropped further. The price of a barrel of Crude Oil finally retreated \$3 to \$109.66. Gold gained \$12 an ounce to close at \$1,486 (a modern high). Silver was more volatile as its price rose 4%, while the price of copper fell back over 5%.

**Bond, Mortgage and Deposit Rates:** Treasury yields fell especially on the long bonds as the yield curve flattened. LIBOR and Swap rates again mirrored the Treasury yields (longer-term Swaps fell 17 to 15bp – same as Treasury Bonds). The decrease in yields helped stabilize (and even decrease) rates in the national and local mortgage rate markets. Although rates on all Freddie Mac's mortgage products were higher by 3 to 4bp, national and local rates fell back. Local Money Market and CD rates remained steady. However there has been an upward tick on longer term CDs.

**Just How "Green" is Green?:** People who grow marijuana (legitimately) indoors use 1% of the US electricity supply and create 17 million metric tons of carbon dioxide every year (not counting the smoke exhaled) according to a report from Lawrence Berkeley National Laboratory. After medical pot use was made legal in California in 1996, per-person residential electricity use in Humboldt County, California jumped 50% versus other parts of the state. It is estimated that authorized growers will use \$5 billion worth of energy – the output of 7 big electric power plants – that's a lot of power generating a lot of pollution. The carbon dioxide produced by this industry comes from transportation, lighting (500-times greater than recommended for reading), air conditioning, ventilation and humidity control. In California, some 400,000 authorized growers use about 3% of the state's electricity for their business. That's a lot of "green".

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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