

May 2, 2011

Weekly Economic Update

Attached you will find this week's Economic Update:

Stocks and Commodities: The Dow Jones Industrial Average continued its highflying ways last week as it rose above 12800 to its highest level since 2008. The Dow is up 10.7% YTD. With first-quarter results out at slightly more than half of the S&P 500 index companies, profits at America's largest corporations are running 26 percent higher than a year ago. All other stock indexes were up 2% or more. The price of Oil and most commodities continued to rise also as Crude oil approached \$114 a barrel, Gold is hitting a new high of \$1,556.40, while silver is up 57.74% YTD settling at \$48.58 an ounce. Copper prices seem steadier and are down 5.7% YTD.

Bond, Mortgage and Deposit Rates: Treasury yields continue to fall across the yield curve as Bills fell a couple of basis points, Notes fell 15bp and Bonds fell 10bp. Although the LIBOR rates were stable, Swaps followed the same pattern at Treasuries on the various maturities. The average of the national and local mortgage rates pushed downward about 6bp while Freddie Mac's mortgage products were down 2bp to 10bp. Local Money Market and CD rates remained stable despite some pressure for lower rates at the state level.

The Millennials are Here: Of the 75M Millennials (24 to 34 year old) are entering today's workforce, nearly 2/3 expect to have a job within 3 months of graduation, and 91.7% see it only taking 3 to 6 months to land a position. Millennials rank salary as a top factor of future employment, with 44.7% projecting earnings of \$25K to \$49K and 30.8% expecting to start at the \$50K to \$75K range. 24% of Millennials expect to stay with their 1st employer > than 10 years while 64% expect to stay for 2 to 5 years in the same company – in sharp contrast to current labor figures showing the average Millennial stays with a first employer for only 1.5 years. Their perceived impatience with traditional ladder-climbing methods (such as on-the-job learning and merit promotions) can be detrimental since Millennials don't understand value that comes with experience. They expect every opportunity to happen as soon as they're ready for it, notwithstanding clients' positions or current market conditions. By 2014, Millennials will make up 50% of the workforce. Advertisers, desperate to reach 18-to-34-year-olds are turning away from soap operas, which used to deliver a solid and captive audience. But the cancellation of *All My Children* and *One Life to Live* shows the industry is leaning toward other types of programming and reality TV that captures Millennials attention.

Thanks for reading,



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