

# Mohre LLC

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## Weekly Economic Update

Attached you will find this week's Economic Update:

**Stocks and Commodities:** The Dow Jones Industrials Average blew past the 11000 benchmark and closed up 1.6% for the week. The last time the DJIA was over 11000 was in May. All equity indexes showed strong gains last week allowing the EAFE international index to finally have positive performance for the first time in 2010. The price of Gold continues to rise and closing on \$1,350 an ounce (up almost 23% YTD). The price of Crude Oil also continued to rise to almost \$83 a barrel.

**Bond, Mortgage and Deposit Rates:** The US Treasury yield curve "wiggled" last week as intermediate Treasuries fell 7bp to 15bp, but the long (30-year) bond gained 3bp. LIBOR rates softened but remained steady, while Swap rates also "wiggled" dropping 10bp to 16bp on intermediate rates and holding steady on longer term rates. The average national and local 30- and 15-year mortgage rates are both setting records (the lowest rates since recording began in 1970). The Freddie Mac 30-year mortgage rate dropped 5bp to 4.27%. The average state and local Money Market and CD rates also continued to softened a couple of basis points last week.

**COFFEE? – At what cost?** The price of coffee beans reached a 13-year high in September. Since June, the price of green Arabica coffee beans for December delivery on the Intercontinental Exchange soared 38% to more than \$1.94 a pound, up from roughly \$1.40 per pound in June. Most "higher-quality" coffees are made from Arabica beans. Coffee market watchers cite bad harvests and lower yields in Latin America, growing global demand for coffee, and speculation by hedge funds as reasons for the recent run-up. In August, The J.M. Smucker Co. raised the price of Folgers, Dunkin' Donuts and other coffee products sold in the U.S. an average of 10%. That was on top of a 4% increase in May. Kraft Foods Inc. has also raised prices twice this year – by 4% and 9% – on most of its Maxwell House and Yuban ground coffees.

Thanks for reading,



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