

October 4, 2010

Weekly Economic Update

Attached you will find this week's Economic Update:

Stocks and Commodities: The Dow Jones Industrials Average had a stellar September rising 7.7%, as it heads into the 4th Quarter up 3.85% for the year. All other equity indexes also showed strong gains in September allowing the EAFE international index to get within 1% of breakeven for 2010. The price of Gold continues its record performance as it blew past \$1,300 an ounce last week; its price is up over 20% for the year. The price of Crude Oil also spiked over \$5 to close above \$81 a barrel.

Bond, Mortgage and Deposit Rates: The US Treasury yield curve continued to flatten last week as bond prices gain. The 2-year Note fell 2bp as while the 10-year dropped 10bp. LIBOR rates remained steady, while Swap rates fell 2 to 5 more basis points on longer maturities. Average national and local 30- and 15-year mortgage rates gained last week, but Freddie Mac's 30-year mortgage rate fell 5bp to 4.32%. The average state and local Money Market and CD rates also continued to softened a couple of basis points last week.

Foreclosures & Short Sales – Helping the Real Estate Market? Helping Lenders? Or Helping Homeowners? Foreclosures accounted for about 12% of home sales in Wisconsin in 2nd Qtr (down from 19% in 1st Qtr). Nationally, 2nd Qtr foreclosure sales accounted for 24% of home sales, a 5% increase from the 1st quarter. WI's average foreclosure price was \$109,629 (34% below the average sales price of properties not in foreclosure). Nationally, the average foreclosure sales price in the 2nd Qtr was \$174,198, a 26% discount. A total of 248,534 US properties are in some stage of foreclosure in August, an increase of nearly 5% from the previous quarter. Notwithstanding, this is still down 20% from the 2nd Qtr of 2009. Ohio, Kentucky and California posted the highest foreclosure discounts.



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