

## Weekly Economic Update

Attached you will find this week's Economic Update:

**Stocks and Commodities:** Bad news from Silicon Valley to Ireland to Asia pushed the Dow Jones Industrials Average down 2.2% this week as well as all other stock indexes. Even the price of Gold and Oil took a hit as Gold fell 2.3% to close at \$1,365.50 and Crude Oil fell \$2 a barrel to finish the week just below \$85 a barrel.

**Bond, Mortgage and Deposit Rates:** US Treasury yields gained 25bp last week from the 2-year through the 10-year yields. LIBOR rates were steady, but Swap rates followed Treasury yields and gained on longer maturities. The average rate increased on national mortgage rates, but remained steady on local mortgage loans. Freddie Mac's mortgage products dropped another 6bp in interest rate. The average earning rates on state and local Money Market accounts and CDs fell back a couple of basis points.

**A Tax on Natural Christmas Trees? Good Grief Charlie Brown!:** The natural Christmas tree is wilting as a commodity, so the Christmas tree farmers are asking for a tree fee throughout the country. Fake tree sales are soaring as sales of naturally farmed firs and pines sagged in recent years. In 2007, only 31 million real trees sold versus 37 million in 1991. Sales of fake trees almost doubled (9.8 million 2003 to 17.4 million in 2007). In 2007, Wisconsin's 1,136 Christmas tree farms cut 950,440 trees. Tree farmers are worried that the market share of fake trees has grown 665% between 1965 through 2008. They are asking the U.S. Department of Agriculture to approve a 15 cent-per-tree toll to pay for a national board that would research and promote natural tree sales. That would amount to \$4.65 million a year, based on the tree sales for 2007. The board's responsibilities would include campaigns to "build markets for Christmas trees, and enhance the image and reputation of Christmas trees." *As an aside: Considering all of this is included in the U.S. government's Federal Register, shouldn't they be called "holiday trees"?* It's hard to say whether a 15 cent-per-tree tax would boil any taxpayers' blood, but there's an off chance this could cue a festive Tea Party anti-tree-fee jamboree. Anyone who feels really strongly about paying another 15 cents a year to improve Christmas Tree reputations has until February 7 to send comments to the U.S. Department of Agriculture. *Another aside: Isn't the use of fake trees versus cutting real trees a boost to our fragile environment?*

Thanks for reading,



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