

November 22, 2010

Weekly Economic Update

Attached you will find this week's Economic Update:

Stocks and Commodities: As markets fretted over Ireland and the Federal Reserve, the Dow Jones Industrial Average took a scary dive on Tuesday, but closed flat (up 0.1% for the week). All other equity indexes also recorded flat results last week. Gold fell another 1.0% to close down \$13 at \$1,352.30 an ounce. The price of Crude Oil fell \$3 to finish the week just below \$82 a barrel.

Bond, Mortgage and Deposit Rates: US Treasury yields varied as the 5-year gained 16bp while the 10-year gained only 9bp. LIBOR remained unchanged as Swap rates also varied to higher rates with mixed maturities. The average rate on national and local 30-year mortgage gained last week as rates on other products were mixed. Freddie Mac's 30-year mortgage rate rose 22bp while rates on its other products also gained several basis points. The average earnings rate on state and local Money Market accounts and CDs remained stable, except long-term CDs fell a couple of basis points.

New York falls below \$1,000,000,000: New York no longer has a trillion-dollar economy. The state suffered a 4.3% decline in its gross state product in 2009, pushing it below the \$1 trillion mark. Gross state product (GSP) measures the total output of goods and services during a given year. It's the state-level equivalent of the nation's gross domestic product (GDP). New York's GSP topped \$1 trillion from 2006 to 2008, but dropped to \$981 billion in the recessionary year of 2009. New York's decline was the third-worst in the country. Only Nevada (down 6.4%) and Michigan (down 5.2%) suffered bigger economic drops. Declines were common across the nation, with the gross state product falling in 38 states between 2008 and 2009. Federal analysts placed the blame on sluggishness in the durable-goods manufacturing and construction sectors. Two states still have GSPs in excess of \$1 trillion: California (\$1.74 trillion) and Texas (\$1.05 trillion).

Thanks for reading,



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