



WEALTH MANAGEMENT GROUP

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Presents:

WEEKLY ECONOMIC UPDATE

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WEEKLY QUOTE

“Is there anything better than to be longing for something, when you know it is within reach?”

– Greta Garbo

WEEKLY TIP

Should your adult children ask you to help them out with business financing or a down payment on a property, refrain from saying yes until you determine if your personal finances can handle it.

WEEKLY RIDDLE

What surrounds everyone and is the end of time and space?

Last week's riddle:

There is a 5-letter, single-syllable word that you can take 4 letters out of, leaving you with only a single letter that has the same pronunciation as the original 5-letter word. What is this word? (Hint: it involves waiting in line.)

AMERICANS BUY MORE IN JULY

According to the Commerce Department, U.S. retail purchases increased by 0.5% in July for the best month-over-month gain since March. That doesn't seem to spell recession; if anything, it attests to the resilience of consumer spending. Additionally, business inventories grew by 0.3% in June as wholesale stockpiles grew 0.6%.^{1,2}

CONSUMER CONFIDENCE WANES

The initial August Reuters/University of Michigan consumer sentiment survey showed a major plummet. While economists polled by MarketWatch had expected a reading of 61.0, the gauge hit 54.9 - its lowest level since May 1980.³

GOLD GAINS \$91 IN A WEEK

It wasn't a typical week, and the precious metal soared in COMEX trading. Across August 8-12, gold advanced \$91.40 – even with Friday's \$8.60 loss. It was the biggest weekly dollar gain for gold since September 15-19, 2008. A +5.54% week took prices to \$1,740.20 per ounce at Friday's close. As for oil, it lost 1.73% on the week, with prices settling at \$85.38 a barrel Friday on the NYMEX.⁴

A RECORD LOW FOR THE REFINANCER'S FAVORITE

In Freddie Mac's August 11 Primary Mortgage Market Survey, average interest rates on 15-year fixed rate mortgages hit an all-time low of 3.50%. The Mortgage Bankers Association reports that refi applications rose by 30% in the week ending August 5. Freddie Mac's latest survey also showed rates for 30-year FRMs averaging 4.32%, a 9-month low.⁵

WILD SWINGS ON WALL STREET

The Dow experienced five straight days of triple-digit moves last week; that hadn't happened since January 2010. All three major U.S. indices lost ground for the week. Friday, the markets cheered U.S. retail sales gains and a ban on short selling enacted by Italy, Spain, France and Belgium. The numbers for the week: S&P 500, -1.72% to 1,178.81; DJIA, -1.53% to 11,269.02; NASDAQ, -0.96% to 2,507.98.^{6,7,8}

THIS WEEK: Monday, Lowe's announces 2Q results. Tuesday, we have reports on July industrial output and housing starts plus earnings from Wal-Mart, Saks, Home Depot and Dell. Wednesday, we get the July Producer Price Index and earnings from Target and Deere. Thursday brings July existing home sales data, the July Consumer Price Index, the Conference Board's July set of leading indicators, weekly jobless claims numbers and earnings from Gap, Sears and Hewlett-Packard. No major economic releases or earnings reports are scheduled for Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
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Last week's answer:
Queue.

DJIA	-2.66	+9.20	+0.33	+0.82
NASDAQ	-5.46	+14.51	+4.38	+2.65
S&P 500	-6.27	+8.79	-1.39	-0.10
REAL YIELD	8/12 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.02%	1.05%	2.33%	3.50%

Sources: cNBC.com, bigcharts.com, treasury.gov, treasurydirect.gov - 8/12/11^{6,9,10,11}
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.
These returns do not include dividends.

If you would like to receive the weekly updates via email please give us a call at the office or send a note to: amy@masterswealth.com



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