

THE MASTERS, LLC. WEALTH MANAGEMENT GROUP

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Gary C. Mastrodonato, CEA info@masterswealth.com

GARY MASTRODONATO Presents:

WEEKLY ECONOMIC UPDATE

November 7, 2011

WEEKLY QUOTE

"Experience is a dear teacher, but fools will learn at no other."

- Ben Franklin

WEEKLY TIP

Starting a small business? A written plan is handy for forecasting, risk management and raising capital. A written plan is far preferable to one you keep in your head.

WEEKLY RIDDLE

What can run but never walks, has a mouth but never eats, has a head but never thinks, and has a bed but never sleeps?

Last week's riddle:

A man brings a silver antique wrapped up in a towel to an appraiser, claiming it is a trophy engraved "To General Stonewall Jackson, presented after

JOBLESS RATE DECREASES TO 9.0%

Economists surveyed by Bloomberg News had expected unemployment to stay at 9.1% in October, so this was a nice development. Still, this latest jobs report had something in common with its predecessors: underwhelming job growth. Non-farm payrolls expanded by 80,000 positions last month, but that fell short of the 95,000 new jobs envisioned in the consensus Bloomberg forecast. On the bright side, the percentage of underemployed Americans fell from 16.5% to 16.2% and the long-term unemployed (those out of work for at least 27 weeks) shrank to 42.4% of the jobless population, the lowest percentage since November 2010.¹

BOTH ISM INDICES MOVE LOWER

The Institute for Supply Management's purchasing manager indexes were both above 50 in October, but not quite where they were at a month before. The ISM manufacturing index slipped from 51.6 to 50.8; its service sector index ticked down to 52.9 from the preceding 53.0. The service sector employment gauge improved by 4.6% and moved from 48.7 in September (contraction) to 53.3 (expansion).²

GOLD & OIL POST WEEKLY GAINS

Oil futures advanced 1.01% last week to settle at \$94.26 per barrel on the NYMEX Friday. Prices have jumped 19.02% over the past five weeks of trading. Gold logged a 0.52% gain last week, closing at \$1,755.30 an ounce on the COMEX Friday.³

GREEK THEATRE PREOCCUPIES WALL STREET

The whims of Greek Prime Minister George Papandreou affected stocks more than anything last week: first he announced a public vote on the latest austerity cuts for the nation, reconsidered it, and then prepared to step down Friday amid concerns that he might change his mind. As these weekly performance numbers show, bears were roaming last week: DJIA, -2.03% to 11,983.24; S&P 500, -2.48% to 1,253.23; NASDAQ, -1.86% to 2,686.15.^{4,5,6}

THIS WEEK: No major economic releases are slated for Monday; we do have results from Priceline and SYSCO. Eurozone finance ministers conclude their meeting in Brussels on Tuesday, and Toyota presents earnings. Wednesday, Ben Bernanke speaks at a Federal Reserve conference on small business; earnings come in from GM, Anheuser Busch, HSBC, Cisco, Green Mountain, Ralph Lauren, Macy's and Wendy's. Thursday we have earnings from Viacom, Kohl's, Disney and Nordstrom; Ben Bernanke speaks at an El Paso town hall. Friday is Veterans Day: banks are closed, markets are open, and the initial October University of Michigan consumer sentiment survey arrives plus earnings from D.R. Horton.

the first Battle of Bull Run, 1861." The appraiser knows it is a fake without even looking at it. Why? **Last week's answer:** People in 1861 wouldn't have known it was the first Battle of Bull Run (the second occurred in 1862). Also, Stonewall Jackson fought for the Confederacy, which referred to the battle First Manassas.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+3.50	+4.80	-0.000047	+2.69
NASDAQ	+1.25	+4.22	+3.05	+4.98
S&P 500	-0.35	+2.63	-1.63	+1.36
REAL YIELD	11/4 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.08%	0.44%	2.40%	3.50%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 11/4/11^{6,7,8,9}
 Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.
 These returns do not include dividends.

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Gary C. Mastrodonato, CEA info@masterswealth.com
 CEA
THE MASTERS, LLC. WEALTH MANAGEMENT GROUP
www.masterswealth.com
 807 Broad St Suite C, Oriental, NC 28571
 PO Box 306
Phone: 252-249-0100 **252-249-0100** **Fax:** 252-249-0105

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