



WEALTH MANAGEMENT GROUP

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Presents:

WEEKLY ECONOMIC UPDATE

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WEEKLY QUOTE

“Friendship either finds or makes equals.”

– Publilius Syrus

WEEKLY TIP

If you are divorcing and will have joint custody of your children, clarify who will claim them as dependents on a federal return. If you both claim the same dependents, it might be a red flag for the IRS.

WEEKLY RIDDLE

It weighs nothing, but when you put it into any container it makes the container lighter. What is it?

Last week’s riddle:

In a drawer are 6 pairs of red socks, 4 pairs of white socks and 5 pairs of blue socks. In total darkness, how many socks would you have to grab to be certain you had a matching pair?

Last week’s answer:

You would have to grab 4 socks – 4 is the

NO JOB GAINS IN AUGUST

In August, nonfarm payroll employment totaled 131.1 million – as it did in July. The Labor Department measured no job growth in the economy for the first time since September 2010. Additionally, employers reduced the average work week slightly to 34.2 hours. The unemployment rate remained at 9.1% last month.¹

CONSUMER SPENDING IMPROVES BY 0.8%

This hugely encouraging July figure from the Commerce Department trounced forecasts and represented the best month for the statistic since February. Personal incomes improved by 0.3% in July; the personal savings rate hit a four-month low.²

PENDING HOME SALES DOWN, HOME PRICES UP

The National Association of Realtors announced pending home sales had declined by 1.3% in July following three months of gains. The number of sales contracts was still 14.4% better than a year before. July’s Case-Shiller Home Price Index was notable for indicating a 3.6% 2Q gain in home prices, though the index was still down 5.9% year-over-year.^{3,4}

MANUFACTURERS SIGNAL MINOR EXPANSION

The Institute for Supply Management’s August purchasing manufacturers index ticked down to 50.6 from July’s 50.9 mark. So the sector is growing, but not by much (50 is the line between expansion and contraction). The new orders sub-index improved 0.4% to 49.6.⁵

STOCKS GIVE BACK SOME GAINS

While the NASDAQ managed a 0.02% advance last week to settle at 2,480.33 on Friday, the S&P 500 and Dow had minor weekly losses. The DJIA retreated 0.39% to a Friday close of 11,240.26, and the S&P pulled back 0.24% to settle Friday at 1,173.97. Gold futures gained 4.43% on the week – prices jumped \$47.70 on Friday alone.^{6,7}

THIS WEEK: U.S. markets are closed for Labor Day. On Tuesday, ISM releases its August service sector index and Pep Boys issues earnings. Wednesday, the Fed puts out a new Beige Book and we have an earnings report from Hovnanian. Thursday promises to be interesting; the Bank of England and European Central Bank will each conclude policy meetings, Fed chief Ben Bernanke speaks in Minneapolis, President Obama addresses the nation on jobs and the economy, and of course new initial claims figures come out. Friday, we have earnings from Kroger.

| % CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG |
|----------|-------|----------|----------|-----------|
|----------|-------|----------|----------|-----------|

maximum number you'd need to pull to insure you had at least 2 socks that matched. (Don't believe it? Give it a try!)

| | | | | |
|-------------------|----------|----------|-----------|------------|
| DJIA | -2.91 | +8.92 | -0.39 | +1.24 |
| NASDAQ | -6.50 | +12.74 | +2.62 | +4.01 |
| S&P 500 | -6.65 | +7.69 | -2.09 | +0.36 |
| REAL YIELD | 9/2 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.00% | 1.05% | 2.25% | 3.50% |

Sources: cnbc.com, usatoday.com, bigcharts.com, treasury.gov, treasurydirect.gov - 9/2/11^{6,8,9,10}
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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