



Rick Gardner Presents:

# WEEKLY ECONOMIC UPDATE

August 13, 2012

## WEEKLY QUOTE

“Once you really commence to see things, then you really commence to feel things.”

- Edward Steichen

## WEEKLY TIP

Most people save too little for retirement. Consider bumping your retirement plan contribution up to 10%-15% of your pay if you can.

## WEEKLY RIDDLE

A common English word refers to a person or thing not being in a place. But just by inserting a space within it, you can get two words meaning that a person or thing is present. What is this word?

### Last week's riddle:

A friend wants change for a dollar. All you have in your pocket is change, and it amounts to over a dollar, but you still can't make the change correctly. What is the largest amount of money you could have in this situation? What coins do you have that prevent you from making correct change?

### Last week's answer:

\$1.19 – four pennies, four dimes, and three quarters.

## WILL GAS HIT \$4 AGAIN?

In April, the national average price for a gallon of gas peaked at \$3.94. Few analysts think prices will return to that level, though the U.S. average hit \$3.67 Friday – an increase of \$0.34 since July 1, translating to about \$33 more a month for the typical U.S. household. (Consumer demand for gas has dipped 3.5% since the start of July.) The massive refinery fire near Oakland is but one factor – fears over a potential blockade of the Strait of Hormuz by Iran, slipping output from the North Sea and South Sudan and anxiety over the violence in Syria have also had an effect.<sup>1,2</sup>

## OIL & GOLD MOVE IN THE SAME DIRECTION - UP

At the close Friday, NYMEX crude settled at \$92.87 per barrel, +5.46% so far this month but still -6.03% YTD. Prices advanced 1.61% last week. As of Friday, gold was 0.76% improved for the month on the COMEX at \$1,622.80.<sup>3</sup>

## MORE TRANSPARENCY FOR MORTGAGE SERVICERS?

The Consumer Financial Protection Bureau proposed new rules to help borrowers last week – rules intended to crack down on robo-signing, force-place insurance and inadequate consumer disclosures among mortgage servicers. These regulations could be put into place (and modified) after a comment period.<sup>4</sup>

## A QUIET WEEK SEES STOCKS ADVANCE

Friday, the S&P 500 notched a 6-day winning streak. On the week, it gained 1.07% to 1,405.87. The Dow (+0.85% to 13,207.95) and NASDAQ (+1.78% to 3,020.86) each logged their fifth straight weekly gain. Some of this was fueled by hopes that the European Central Bank would make moves to reduce borrowing costs for Italy and Spain. The Russell 2000 rose 1.66% last week to settle at 801.53 Friday, while the CBOE VIX lost 5.31% in five days to close the week at just 14.81.<sup>5,6</sup>

**THIS WEEK:** Monday, Groupon and Sysco report earnings. The Census Bureau issues July retail sales figures Tuesday, and the July Producer Price Index also appears; Home Depot, Saks and TJX announce Q2 results. Wednesday, the July CPI comes out along with data on July industrial output; earnings are in from Target, Cisco, Abercrombie & Fitch, Deere and Staples. Thursday offers earnings from Sears, Gap, Wal-Mart, Aeropostale and Dollar Tree, new weekly jobless claims figures and data on July housing starts and building permits. On Friday, the Conference Board releases its July index of leading indicators, the University of Michigan's initial August consumer sentiment survey appears, and Foot Locker, J.M. Smuckers and Ann offer earnings reports.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+8.11	+23.21	-0.05	+5.10
NASDAQ	+15.96	+26.87	+3.74	+13.13
S&P 500	+11.79	+25.44	-0.66	+5.48
REAL YIELD	8/10 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.60%	-0.13%	2.56%	3.10%

Sources: cnbc.com, bigcharts.com, treasury.gov, treasurydirect.gov - 8/10/12<sup>6,7,8,9</sup>  
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly.  
These returns do not include dividends.

**\*\* A referral is the greatest compliment I can receive. \*\***

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