



Rick Gardner Presents:

WEEKLY ECONOMIC UPDATE

May 28, 2012

WEEKLY QUOTE

“Success is how high you bounce when you hit bottom.”

- George S. Patton

WEEKLY TIP

New parents can sometimes spend a little too much on cute and trendy stuff. Here’s a test: will the item improve the quality of care for your baby? If not, leave it at the store.

WEEKLY RIDDLE

Five girls took part in a bicycle race. Barbara finished before Vicki but behind Susan. Katarina finished before Sara but behind Vicki. In what order did they finish?

Last week’s riddle:

You need to park a car for the weekend. You find a parking space signed “2-Hour Parking M-F, 8am-6pm” with no other restrictions. You call the city and find that overnight parking is allowed on this block. So, what is the maximum amount of time you can leave your car in this space without getting a ticket?

Last week’s answer:

66 hours. You can park in the space from 4pm Friday until 10am Monday.

CONSUMER CONFIDENCE HIGHEST SINCE 2007

In a tense week for investors, some promising news emerged: the closely watched Thomson Reuters/University of Michigan consumer sentiment index came in with a final reading of 79.3 for May – the ninth straight monthly improvement. May’s 3.8% gain brought the index to a peak unseen since October 2007. The survey’s current conditions index rose 5.2% in May to 87.2, the best reading in that category since January 2008.¹

HOME BUYING PICKS UP

More good news: sales of new and existing homes improved in April. Last week, the Census Bureau reported a 3.3% April rise in new home purchases, just after the National Association of Realtors noted a 3.4% gain in residential resales for the month. In April, the pace of existing home sales nearly matched that of January – and January was the best month for the indicator in two years.²

DURABLE GOODS ORDERS INCREASE 0.2%

The overall April gain refuted the forecast of economists polled by MarketWatch – they felt orders would decrease 0.4% after a revised 3.7% drop for March. However, hard goods orders did fall 0.6% in April with transportation orders factored out.³

STOCKS MANAGE GAINS

For much of the week, Wall Street’s collective mind was on two things: ongoing capital flight from European banks and the risk of Greece exiting the euro. Thanks to some positive data stateside, and despite the debut of social media giant Facebook (down 17.4% in its first week as a publicly traded company), stocks broke a 3-week losing streak. The numbers across five trading days: S&P 500, +1.74% to 1,317.82; DJIA, +0.69% to 12,454.83; NASDAQ, +2.11% to 2,837.53. NYMEX crude (-0.68% for the week) settled at \$90.86 Friday while COMEX gold (-1.44% on the week) settled at \$1,568.90.⁴

THIS WEEK: Monday is Memorial Day, so U.S. equity and bond markets will be closed. Tuesday brings the March edition of the S&P/Case-Shiller Home Price Index and the Conference Board’s snapshot of May consumer confidence. The NAR puts out its report on April pending home sales on Wednesday while TiVo issues Q1 results. Thursday, investors will check the latest initial jobless claims figures and react to the second estimate of Q1 GDP from the BEA. Friday is big: in one market day, we get the May unemployment report from the Labor Department, April’s consumer spending numbers from the Commerce Department, ISM’s April manufacturing survey and data on April construction spending and May auto sales.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+1.94	+0.49	-1.56	+2.33
NASDAQ	+8.92	+2.76	+2.19	+7.08
S&P 500	+4.79	-0.20	-2.61	+2.16
REAL YIELD	5/25 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	-0.38%	0.80%	2.49%	3.48%

Sources: money.msn.com, bigcharts.com, treasury.gov, treasurydirect.gov - 5/25/12^{4,6,7,8}
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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