



**Professional Planning
Group**

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Market Week: January 18, 2010

Market Week: January 19, 2010

The Markets

After holding their own most of the week (albeit on low volume), the equities markets got a case of the winter blahs after a disappointing report from chipmaker Intel. Friday's action left the major indexes down slightly for the week, while Treasuries strengthened despite the week's auctions of \$84 billion in new debt.

Market/Index	2009 Close	Prior Week	As of 1/15/10	Week Change	YTD Change
DJIA	10428.05	10618.19	10609.65	-.08%	1.74%
NASDAQ	2269.15	2317.17	2287.99	-1.26%	.83%
S&P 500	1115.10	1144.98	1136.03	-.78%	1.88%
Russell 2000	625.39	644.56	637.96	-1.02%	2.01%
Global Dow	1984.48	2033.27	2019.33	-.69%	1.76%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.85%	3.83%	3.68%	-15 bps	-17 bps

Last Week's Headlines

- Despite reaching their highest level since last November, increased U.S. exports couldn't offset higher prices for imported oil. As a result, the U.S. trade deficit widened by 9.7% in November, with imports exceeding exports by \$36.4 billion (up from October's revised \$33.2 billion).
- Consumer prices were up just one-tenth of a percent in December. Used vehicles, food, and energy cost more, while prices for new cars dropped. The Consumer Price Index was up 2.7% from the previous December, largely because of higher energy costs.
- Consumers who finished their holiday shopping early contributed to a drop in December retail and food service sales, which fell 0.3% from their November levels. Sales were up 5.4% from last December, but the figure for all of 2009 was 6.2% lower than in 2008.
- Industrial production rose 0.6% in December, in part because utilities increased production to cope with winter weather.
- Despite some improvement last fall, foreclosures last year were up 21% from 2008, according to RealtyTrac, and 1 in 45 housing units received at least one foreclosure filing. Four states--California, Florida, Arizona, and Illinois--accounted for more than half of those foreclosures.
- Congressional hearings on the causes of last year's financial disaster began. The heads of four major financial institutions acknowledged that mistakes were made but also defended their compensation practices. Also, President Obama proposed imposing a Financial Crisis Responsibility Fee on financial institutions that received federal assistance and have \$50+ billion in assets (an estimated 50 firms). Intended to replace losses on last year's bailouts, the 0.15% fee would be based on assets considered at risk rather than assets such as FDIC-insured customer deposits and insurance policy reserves, for which banks already pay fees.
- In part because of its purchases of Treasury and toxic mortgage-backed bonds--a move intended to help prevent economic collapse--the Federal Reserve Bank had record profits last year. Earnings were up 47% from 2008, and \$46 billion of its \$52 billion in net income was paid to the U.S. Treasury.

Eye on the Week Ahead

A holiday-shortened week will bring earnings announcements from not only several tech bellwether companies but also many of the country's largest banks.

Key data releases: Treasury international capital flows, housing market (1/19); housing starts, wholesale inflation (1/20); leading economic indicators (1/22).

Data source: Includes data provided by Brounes & Associates. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indexes listed are unmanaged and are not available for direct investment.



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