



**Professional Planning  
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## Market Week: February 22, 2010

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### The Markets

A three-day run in which the Dow rose an average of almost 100 points a day gave domestic equities a 3% increase for the shortened holiday week, though the Nasdaq lagged the other major indexes. Small caps returned to positive territory for the year, but global equities continued to suffer from uncertainty about the impact of sovereign debt problems abroad. Spreads between yields on short-term and longer-dated Treasury bonds widened briefly after the Federal Reserve upped its discount interest rate (see below).

Market/Index	2009 Close	Prior Week	As of 2/19	Week Change	YTD Change
DJIA	10428.05	10099.14	10402.35	3%	-.25%
NASDAQ	2269.15	2183.53	2243.87	2.76%	-1.11%
S&P 500	1115.10	1075.51	1109.17	3.13%	-.53%
Russell 2000	625.39	610.72	631.62	3.42%	1%
Global Dow	1984.48	1857.02	1893.58	1.97%	-4.58%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.85%	3.69%	3.78%	9 bps	-7 bps

### Last Week's Headlines

- The Federal Reserve Board raised by a quarter percent the interest rate it charges banks for short-term emergency loans. Increasing the discount rate from 0.5% to 0.75% was one of the steps Chairman Ben Bernanke had outlined the week before as part of an "exit strategy" from various types of support the Fed undertook to combat the credit crisis. Though the timing--between meetings--came as a surprise, the Fed reiterated its intention to keep monetary policy "accommodative."
- Consumer inflation ticked up 0.2% in January, putting the annual inflation rate for the last 12 months at 2.6%. Energy costs--primarily gas prices--were responsible for most of the increase. Not counting food and energy, consumer prices fell 0.1% in January (though medical care costs saw their largest increase in a year).
- Inflation at the wholesale level--often considered an indicator of what might be in store for consumers later--was up 1.4% in January, putting the annual rate at 4.6%. It was the third consecutive month in which the rate for the previous 12 months rose. Prices for crude goods were up 9.6% in January, primarily because of higher costs for energy-related raw materials such as petroleum.
- Housing starts in January rose 2.8% from the month before, and were up 21.1% from last January. Building permits were down almost 5% from December, but were still up almost 17% from the same time last year.

### Eye on the Week Ahead

Friday will see the first update to the most recent Gross Domestic Product (GDP) number; a substantial revision downward could affect the markets. Housing-related data will be a continuing thread throughout the week. Investors also will be watching to see if Senate Banking Committee Chairman Christopher Dodd unveils a proposed financial regulatory reform package this week.

Key data releases: Home prices (2/23); new-home sales (2/24); durable goods orders (2/25); revised Q4 GDP, home resales (2/26).

*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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