



**Professional Planning
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Market Week: February 8, 2010

Markets are becoming very reactive to short term news. I expect more of the same this week. Keep your eye on long term. Always feel free to call with questions or concerns.

This is also a great time to help friends who attempt to go it along. Encourage them to call too.

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The Markets

After an encouraging start, domestic equities resumed their recent losing ways. Small caps and international stocks led the indexes downward--the Dow dropped 268 points on Thursday alone--as domestic equities edged closer to the 10% decline from recent levels that is typically considered the hallmark of a correction. The Russell 2000 is now down about 8.6% from its January 19 high; the Nasdaq has fallen about 7.7% in the same time.

Market/Index	2009 Close	Prior Week	As of 2/5	Week Change	YTD Change
DJIA	10428.05	10067.33	10012.23	-.55%	-3.99%
NASDAQ	2269.15	2147.35	2141.12	-.29%	-5.64%
S&P 500	1115.10	1073.87	1066.19	-.72%	-4.39%
Russell 2000	625.39	602.04	592.98	-1.50%	-5.18%
Global Dow	1984.48	1882.49	1835.66	-2.49%	-7.50%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.85%	3.63%	3.59%	-4 bps	-26 bps

Last Week's Headlines

- Mixed messages: The unemployment rate actually fell--that's right, FELL--in January to 9.7%. That's the lowest rate since August, and the biggest single-month drop in more than a decade. Even including people who are underemployed or who have given up looking for a job, the total unemployment percentage dropped to 16.5% from 17.3%. However, a separate survey found that a loss of 20,000 jobs left business payrolls essentially flat. Also, the rolling four-week average of initial unemployment claims continued to rise, though the number was roughly 19% lower than at this time last year.
- December construction declined 1.2% from the previous month. That's 9.9% below last December, and is a bit better than the 12.4% decline for all of 2009.
- Manufacturing improved in January for the sixth month in a row. The Institute for Supply Management's index rose to 58.4%, the highest number since August 2004 (any number over 50 indicates manufacturing growth).
- Despite a sharp drop in Toyota sales (no surprise there), January auto sales were up 6.3% from December, marking the third consecutive increase over the previous year's monthly figure. Both Ford and GM reported increased sales. Much of the buying was done by business fleets rather than individual consumers.
- Business productivity began to slow in the fourth quarter of last year, though it was up 2.9% for all of 2009. The output of goods produced in Q4 rose 7.2%, while the number of total hours worked by the labor force was up 1%--the first increase since Q2 2007. (However, the total hours worked for all of 2009 was down 6.4%, a record decline.)
- Incomes rose 0.4% in December, though wages and salaries were up by only 0.1%. Consumer spending also increased by 0.2%, and the personal savings rate rose to 4.8% from 4.5% in November.
- A weak auction of Portuguese sovereign debt and Spain's forecast of higher budget deficits for the next three years fanned investor concern that Greece's economic troubles might be only a hint of

what's to come for the European Union. As a result, the euro hit an eight-month low (just under \$1.37) against the dollar.

- President Obama proposed a \$3.8 trillion budget for the fiscal year that begins in September. It forecasts a \$1.56 trillion budget deficit for next year, compared to the \$1.2 trillion deficit when Obama took office and the estimated \$1.3 trillion deficit this year.

Eye on the Week Ahead

A light week for economic data gives investors little to focus on other than retail sales, additional earnings reports, and the potential fallout from credit woes in several European countries.

Key data releases: International trade, Treasury budget (2/10); retail sales (2/11).

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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