

## Garvey & Associates, Inc. Presents Weekly Economic Update for the Week of, 2010

**Quote of the week.** "No day in which you learn something is a complete loss." – David Eddings

**Inflation? What inflation?** Inflationary pressures remain weak in this subdued recovery. The Consumer Price Index was flat in February; core CPI rose 0.1%. CPI only advanced 2.1% over the last 12 months of data. Core CPI rose 1.3% in that period, the smallest year-over-year gain in six years. The Federal Reserve forecasts core CPI advancing 1.2% for all of 2010.<sup>1,2</sup>

**PPI drops in February.** Producer prices decreased by 0.6% last month after a 1.4% rise in January; core PPI advanced 0.1%. Industrial production managed to rise 0.1% even with February's rough weather.<sup>2,3</sup>

**Tiny LEI gain.** Another 0.1% advance here: the Conference Board's Leading Economic Index was positive for the eleventh straight month in February.<sup>4</sup>

**Snow stalls housing starts.** They fell 5.9% last month, according to the Commerce Department. Yet February housing starts and building permits were respectively 0.2% and 11.3% above year-ago levels.<sup>5</sup>

**Oil drops, gold gains.** Oil futures fell 0.69% across last week to close at \$80.68 a barrel on the NYMEX Friday. Gold, however, gained \$5.90 last week; even with a \$20.00 drop Friday, it ended the five-day stretch at \$1,107.40.<sup>6</sup>

**Eight-day win streak for the Dow.** That streak – the longest since August – helped the index rise 1.10% across last week to 10,741.98. Looking at the

other two marquee indices, the S&P 500 gained 0.86% last week while the NASDAQ rose 0.29%.<sup>7</sup>

% Change	Y-T-D	1-Yr Chg	5-Yr Avg	10-Yr Avg
DJIA	+3.01	+45.15	+0.21	+0.06
NASDAQ	+4.64	+60.06	+3.65	-4.85
S&P 500	+4.02	+47.94	-0.50	-2.04
Real Yield	3/19	1 Yr Ago	5 Yrs Ago	10 Yrs Ago
10YrTIPS	1.50%	1.31%	1.77%	4.34%

(Source: CNBC.com, CNNMoney.com, ustreas.gov, bls.gov, 3/19/10)<sup>7,8,9,10</sup>  
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.

**Riddle of the week.** Is there a number made of eleven tens of thousands, eleven thousands, eleven hundreds and eleven units? If so, what is it?  
*Contact my office or see next week's Update for the answer.*

**Last week's riddle:** Three light switches are in the "off" position. Each connects to a light bulb in an adjoining room that you cannot see into. You can freely switch the light bulbs on and off, but you can only go into the adjoining room once to check on the state of the bulbs. Is it possible to tell which switch controls which bulb?

**Last week's riddle answer:** Yes. Leave switch A on for several minutes, then switch it off and turn on switch B before entering the next room. The lit bulb correlates with switch B, the dark cool bulb with switch C, and the dark but still-warm bulb with switch A.

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If you would like us to add them to our list, please reply with their address  
and we will contact them and ask for their permission to be added.***

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## Citations.

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- 3 [marketwatch.com/story/us-feb-industrial-output-up-01-despite-snow-2010-03-15?reflink=MW\\_news\\_stmp](http://marketwatch.com/story/us-feb-industrial-output-up-01-despite-snow-2010-03-15?reflink=MW_news_stmp) [3/15/10]
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