

The Market Week in Review

For the Week Ending December 31, 2011

THE MARKETS

A volatile year for the stock market came to a rather quiet close on Friday. For the week, all 4 of the indexes suffered slight losses notwithstanding generally positive data regarding the U.S. economy. For the year, the S&P ended up just 0.2% higher than it started the year, while the Dow was up almost 6%. The tech heavy Nasdaq had to settle for a 1.6% loss. The difference in performance amongst the major indexes reflected investor's preference for safety over appreciation for most of the year.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,294.00	12,217.56	-76.44	-0.62%	5.53%
Nasdaq	2,618.64	2,605.15	-13.49	-0.52%	-1.80%
S&P 500	1,265.33	1,257.60	-7.73	-0.61%	0.00%
Russell 2000	747.98	740.92	-7.06	-0.94%	-5.45%

DAILY DEVELOPMENTS

MONDAY

Both personal income and spending rose just 0.1 percent in November according to data released by the U.S. Department of Commerce. Forecasters expected a gain of 0.2 percent in each category. By comparison personal income grew 0.4% in October. The personal savings rate also declined by 0.1%, from 3.6% in October to 3.5% in November. The personal consumption expenditure inflation rate fell 0.1 and the price index rose just 0.1%, both matching October's figures.

TUESDAY

The Conference Board announced on Tuesday that its consumer confidence index jumped to 64.5 in December - the highest level in eight months - from a revised 55.2 in November. Consumer confidence has risen nearly 25 points in the past three months to its highest level since April. In addition, those saying jobs are currently hard to get are down to 41.8 percent.

The S&P/Case-Shiller index of property values in 20 major U.S. cities at the end of last October was 3.4 percent lower as compared to prices in its survey for the period ending October 2011. The decline was slightly greater than market observers had expected, as the median forecast of 27 economists in a Bloomberg News survey projected a 3.2 percent decrease.

WEDNESDAY

Last minute shoppers gave retailers a lift in the final days before Christmas. Sales at stores open at least a year rose 4.5% last week compared with the same time last year, according to a weekly sales index from the International Council of Shopping Centers and Goldman Sachs. That was also a 0.9% increase over sales from the week earlier. Sales were up year over year for the Christmas season as well. Specifically, spending rose 4.1 percent in November compared to 2010, while sales from December 1st to December 24th rose 4.7 percent compared with the same period last year, according to research firm ShopperTrak. A 4 percent increase is considered a healthy improvement.

THURSDAY

The Labor Department announced Thursday that initial applications for unemployment benefits rose for the first time in a month in the week ended December 24th, climbing by more than 15,000 to 381,000. However, over the past month fewer people filed for unemployment benefits than at any time in the past three years, suggesting the U.S. labor market may finally be gaining traction.

More good news came on Thursday from the National Association of Realtors. It reported that its pending home sales index was up a surprisingly strong 7.3 percent in November. That rise comes in the wake of October's 10.4 percent gain. Taken together, there may finally be reason to believe/hope that bargain prices and low interest rates may be breathing new life back into the housing market.

FRIDAY

There were no major economic announcements on Friday.

TIDBITS

The disparity in personal wealth between U.S. congressional members and their constituents continues to grow according to data issued by the University of Michigan's Panel Study of Income Dynamics. The median net worth of a House member increased from \$280,000 in 1984 to \$725,000 in 2009. By comparison, the wealth of a typical American family declined from \$20,600 to \$20,500.

So ends our final Market Commentary for 2011. Please accept my very best wishes for a safe, happy, healthy and prosperous 2012.

Best regards,

Andy

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