



# Weekly Market Summary

**Dow Jones:** 12949 YTD 6.43%

**S&P 500:** 1361 YTD 8.55%

**NASDAQ:** 2951 YTD 13.47%

*February 21, 2012*

## **Momentum Continues**

Last time we wrote we discussed the possibility of an economic virtuous circle. This is when businesses slowly gain confidence to build inventories and start hiring which gives consumers greater confidence to increase spending. Home sales rise and builders build. Here the circle begins. All this increased economic activity encourages businesses even more. They extend their borrowing, and you know the rest. This is where the United States appears to be heading, albeit slowly, but certainly this is what economists hope to see. Last week's economic releases reinforce our view.

Applications for unemployment benefits fell for the fourth time in five weeks to the lowest point in nearly four years. Although housing starts slowed slightly after a powerful December, building permits, a future indicator of housing starts, were up .7%. The majority was for single family housing. This last part is positive because multifamily permits and starts are more volatile than single family, and therefore, are less reliable indicators.

Are there risks? Of course. Most appear to be international. The Euro crisis stands out as the most obvious. While writing this it was announced that an agreement had been reached concerning Greece. We haven't had time to look at it, but our sense is that it will have an immediate positive effect on equity markets around the globe. Although from what little we have heard, we fail to see how it can help Greece achieve sound economic growth. Most emerging market nations continue to move ahead and this should remain true as long as the United States continues to grow. China continues to slow a bit, but they are still moving ahead. The area within the emerging market arena that seems very vulnerable to recession is the emerging markets of Eastern Europe. They are very reliant on Western Europe to be a receptive export market, and it seems highly likely that will not be the case.

The views expressed are subject to change. Any data cited have been obtained from sources believed to be reliable. The accuracy and completeness of data cannot be guaranteed. **Past performance is no guarantee of future results.**

## **The Week Ahead:**

### ➤ **MONDAY:**

➤ **TUESDAY:** Canada wholesale sales m/m expected at 0.60%

➤ **WEDNESDAY:** EC industrial new orders sa (m/m) expected at 0.50%, US existing home sales m/m expected at 0.90%

➤ **THURSDAY:** US initial jobless claims expected at 355K, continuing claims at 3480K

➤ **FRIDAY:** US new home sales m/m expected at 2.60%