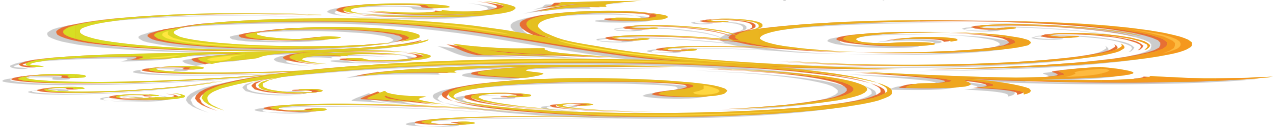


# Shelby County Trustee October 2009 Market Analysis Report



The month of October ended with a higher than expected unemployment rate of 10.2% which was a 26 year high. The underemployment rate, which includes part-time workers preferring a full-time position and people who want work but have given up looking, reached a record 17.5% from 17% in September. On the bright side, the U.S. economy grew for the first time in five quarters during the months of July, August and September which was reflected in a 3.53% first estimate for the third quarter GDP. Durable goods were up 1.0% with transportation equipment bookings led by a demand in military aircraft. New home sales fell unexpectedly in September as the end of a tax credit for first-time homebuyers neared. Congress has now extended the deadline on this program and included an incentive for current homeowners to buy a more expensive home if they have been in their current home for five years or more. The stock market rose for the fourth straight month, but by only the slightest of increases. Citing concern over the high unemployment rate, the Fed met on November 5<sup>th</sup> and again kept the interest rate at the same near zero level.

| <b>Market Indicators:</b>           | <u>October</u> | <u>September</u> | <u>August</u> |
|-------------------------------------|----------------|------------------|---------------|
| DIJA (Dow Jones Industrial Average) | 9712.73        | 9712.28          | 9496.28       |
| Fed Funds Rate                      | .25%           | .25%             | .25%          |

| <b>Global Market Pricing:</b> | <u>October</u> | <u>September</u> | <u>August</u> |
|-------------------------------|----------------|------------------|---------------|
| China (RenMinBi)              | \$1=6.8275     | \$1=6.8264       | \$1=6.8307    |
| Japan (Yen)                   | \$1=90.09      | \$1=89.70        | \$1=93.12     |
| Europe (Euro)                 | \$1=1.4719     | \$1=1.4640       | \$1=1.4334    |

### **Trends for economic indicators:**

|                       | <u>October</u> | <u>September</u> | <u>August</u> |
|-----------------------|----------------|------------------|---------------|
| ISM Manufacturing     | 55.7           | 52.6             | 52.9          |
| ISM Non-Manufacturing | 50.6           | 50.9             | 48.4          |
| Durable Goods         | 1.0%           | -2.6%r           | 4.8%r         |
| Consumer Confidence   | 47.7           | 53.4r            | 54.5r         |
| Building Permits      | 573K           | 580Kr            | 564Kr         |
| Existing Home Sales   | 5.57M          | 5.09Mr           | 5.24M         |
| New Home Sales        | 402K           | 417Kr            | 426Kr         |
| Leading Indicators    | 1.0%           | 0.4%r            | 0.9%r         |
| PPI (MOM)             | -0.6%          | 1.7%             | -0.9%         |
| CPI (MOM)             | 0.2%           | 0.4%             | 0.0%          |
| GDP Annualized        | 3.5%           | -0.7%            | -1.0%         |
| Unemployment          | 10.2%          | 9.8%             | 9.7%          |

### **Trustee Portfolio Opportunities:**

The Local Government Investment Pool (LGIP) rate dropped again this month from 0.49% at the end of September to 0.46% at the end of October. The Trustee security earnings rate of 1.55% exceeded the LGIP benchmark by 109 basis points. At the end of the month, 65.3% of the Trustee portfolio was invested at LGIP.