

Shelby County Trustee January 2010 Market Analysis Report



The month of January ended with an unexpected drop in the unemployment rate to 9.7%. The U.S. added 541,000 workers last month and the underemployment rate (which includes part-time workers who'd prefer a full-time position and people who want work but have given up looking) fell to 16.5 percent from 17.3 percent. The U.S. economy continued to show growth in its fourth quarter GDP first estimate of 5.7% which exceeded the forecast of 4.8%. Durable goods rose only by a slight 0.3% due to an unexpected drop in demand for civilian aircraft. New home sales rose last month while existing home sales dropped 9.8% in December. The stock market dropped for the first time in seven months closing at 10,067.3 at the end of January.

Market Indicators:	<u>January</u>	<u>December</u>	<u>November</u>	<u>October</u>
DIJA (Dow Jones Industrial Average)	10067.3	10428.0	10344.80	9712.73
Fed Funds Rate	.25%	.25%	.25%	.25%

Global Market Pricing:		<u>January</u>	<u>December</u>	<u>November</u>	<u>October</u>
China (RenMinBi)	(flat)	\$1=6.8268	\$1=6.8270	\$1=6.8273	\$1=6.8275
Japan (Yen)	(weaker)	\$1=90.27¥	\$1=93.02¥	\$1=86.41¥	\$1=90.09¥
Europe (Euro)	(stronger)	1€=\$1.3863	1€=\$1.4321	1€=\$1.5005	1€=\$1.4719

Trends for economic indicators:

	<u>January</u>	<u>December</u>	<u>November</u>	<u>October</u>
ISM Manufacturing	58.4	55.9	53.6	55.7
ISM Non-Manufacturing	50.5	50.1	48.7	50.6
Durable Goods	0.3%	-0.4%r	-0.6%	2.0%r
Consumer Confidence	55.9	53.6r	50.6r	48.7r
Building Permits	653K	589Kr	551Kr	575Kr
Existing Home Sales	5.45M	6.54M	6.09Mr	5.54Mr
New Home Sales	342K	370Kr	400Kr	405Kr
Leading Indicators	1.1%	1.0%r	0.3%	1.0%
PPI (MOM)	0.2%	1.8%	0.3%	-0.6%
CPI (MOM)	0.1%	0.4%	0.3%	0.2%
GDP Annualized	5.7%	2.2%	2.8%	3.5%
Unemployment	9.7%	10.0%	10.0%	10.2%

Trustee Portfolio Opportunities:

The Local Government Investment Pool (LGIP) rate dropped again this month from 0.35% at the end of December to 0.24% at the end of January. The Trustee security earnings rate of 1.48% exceeded the LGIP benchmark by 124 basis points. At the end of the month, 68.6% of the Trustee portfolio was invested at LGIP.