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The economic news was mixed in the final, holiday-shortened week of 2010, with indicators of regional manufacturing and the labor market surprising to the upside but measures of consumer confidence and housing disappointing.

On the manufacturing front, the Chicago, Milwaukee and Richmond readings of December manufacturing activity all came in well above forecasts, with the Chicago ISM gauge hitting a 22-year high. Notably, orders, shipments and employment components were up significantly, suggesting mounting strength. Another gauge of employment, the weekly jobless claims, fell to 388,000, its lowest level since July 2008. Granted, it was a holiday week, so the drop-off should be taken with a grain of salt. But the trend of the past few months is undeniable, with the less volatile 4-week average also dipping to its lowest since July 2008, at 414,000.

Despite the apparent improvement in the jobs market, the conference board's index of consumer confidence in December unexpectedly fell nearly 2 points to 52.5, conflicting with the previous week's stronger reading from the University of Michigan. A surprisingly negative assessment of the jobs market was a major factor in the index's decline. Housing remained moribund, with the latest S&P Case-Shiller data showing October prices fell in all 20 major markets it surveys. The downturn ran counter to the prior week's reports on new and existing home sales, and the FHFA house price index, all of which showed prices rising, though prices remain substantially below their bubble peaks. A separate report last week said pending home sales (those under contract) rose in November, but the gain was significantly smaller than October's increase and was concentrated in the West.

Outside of typical end-of-the-year maneuvering, there was little movement in the money markets, with credit rates as reflected by London interbank offered rates holding steady at low levels.