

**Timothy C. Hucks, CEP, President, Rising Tide, Inc., presents
Weekly Economic Update for the Week of January 18, 2009**

Quote of the week. "Laughter is by definition healthy." – Doris Lessing

How about a too-big-to-fail tax? Last week, President Obama proposed a Financial Crisis Responsibility Fee - a tax on the largest U.S. banks to help repay \$117 billion in TARP losses. Would banks respond to this populist move with higher lending fees for customers? Or would executives and shareholders effectively bear the cost? One certainty: designated banks would have to pay the fee for 10 years or longer.¹

<i>% Change</i>	<i>Y-T-D</i>	<i>1-Yr Chg</i>	<i>5-Yr Avg</i>	<i>10-Yr Avg</i>
DJIA	+1.74	+29.19	+0.10	-0.95
NASDAQ	+0.83	+51.34	+1.92	-4.37
S&P 500	+1.88	+34.64	-0.82	-2.25
<i>Real Yield</i>	<i>1/15</i>	<i>1 Yr Ago</i>	<i>5 Yrs Ago</i>	<i>10 Yrs Ago</i>
10YrTIPS	1.34%	1.78%	1.72%	4.34%
<small>(Source: CNNMoney.com, ustreas.gov, bls.gov, 1/8/10)^{6,8,9,10} Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.</small>				

CPI slightly up, retail sales slip down. The Consumer Price Index inched north 0.1% in December. That puts it up 2.7% over the last 12 months, with core CPI up 1.8% in that span. Retail sales fell 0.3% last month, with the decline ranging across many sectors; economists polled by MarketWatch had expected a gain of 0.5%.^{2,3}

Cool consumer sentiment. The preliminary January Reuters/University of Michigan survey came in at 72.8. That was less than the 75.0 economists had hoped for, yet higher than the 72.5 December mark.⁴

Industrial output up again. The Federal Reserve noted a 0.6% advance in December, with utilities behind most of that gain. Industrial production has risen for six straight months.⁵

Oil back under \$80 a barrel. Crude futures slipped more than 5% for the week on reduced demand projections with warmer weather. Oil prices fell 1.8% Friday to close at \$78.00 per barrel on the NYMEX.⁶

Fears of fees affect the market. The second full trading week of the year was not as great as the first. The Dow lost 0.08%; the S&P 500 retreated 0.78%. Even with these losses, the Dow and S&P wrapped up their best 2-week stretches since mid-November.⁷

Riddle of the week. If it were two hours later than right now, it would be half as long until midnight as it would be if it were an hour later than right now. What time is it?

Contact my office or see next week's Update for the answer.

Last week's riddle: There is a kind of sweet bean that never grows in a garden. What is it?

Last week's riddle answer: The jelly bean.

***Please feel free to forward this article to family, friends or colleagues.
If you would like us to add them to our list, please reply with their address
and we will contact them and ask for their permission to be added.***

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Citations.

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