

# Weekly Market Round-Up

Over the past couple of weeks domestic markets have been moving on headline news coming out of Europe as investors have been watching for any sign that the European Union has a plan to address the debt crisis facing Greece, Italy, Spain, Portugal and French banks. Last week turned out to be a continuation of the trend. Monday started the week with renewed fears of a Greek debt default and jitters that France's top banks could be facing a credit downgrade from Moody's rating agency. In a volatile day which saw the Dow down as much as 167 points, a late day rally pushed domestic markets back into the black and the Dow finished the day with a gain of 69 points. The dramatic turnaround was due in part to a report by the Financial Times indicating that China may make significant purchases of Italian bonds. The thought of China coming to the rescue was enough to spur the late day upward move. Tuesday was a good day for the tech and financial sectors as buyers came in looking for deals, pushing the major domestic indexes to the first back to back gains of the month.<sup>(1)</sup>

After a conference call between Greek, French and German leaders Wednesday, German Chancellor Angela Merkel's office issued a statement stressing that the future of Greece is in the Eurozone and Greek Prime Minister Papandreou reaffirmed his country's commitment to take the steps necessary to meet Greece's fiscal goals. The statements calmed jittery investors and domestic markets moved higher once again with the Dow closing the day up 141 points. Economic news continued to disappoint as Thursdays initial jobless claims came in higher than expected climbing to 428000 while the cost of living in the U.S. climbed more than forecast. The consumer price index also revealed that while consumers are paying more for gas, shelter, energy, and food, hourly wages have fallen 1.9% from a year ago. The consumer confidence index hovers near its low point of the year. Despite the disappointing economic news domestic markets rallied again Thursday as five central banks announced a coordinated plan to pump dollars into Europe's financial system in an effort to boost liquidity across the eurozone. The news produced a strong rally with the Dow closing up 186 points to a close of 11433.<sup>(2)(3)</sup>

Last week was all about events and news coming out of Europe. Investors are desperate for some sign of a real plan to address the debt and deficit issues facing the Eurozone. Bad economic news was brushed aside at the thought of central banks working together to provide liquidity for troubled eurozone banks. The crisis of confidence continues as investors continue to hope that leadership on both sides of the Atlantic may stumble into policy changes that will spur growth and confidence. Fears of a Lehman style collapse in Europe hang over markets like a dark cloud contributing to the volatility we have been experiencing. This week we will continue to watch events in Europe and we will also have new housing starts and existing home sales reports.

*"Confidence is contagious. So is lack of confidence."* – Vince Lombardi

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- 1) CNNMoney.com – Stocks rally on hopes that China will buy Italy's bonds, 9-12-2011
- 2) CNNMoney.com – Stocks rally on hopes for Greece, 9-14-2011
- 3) Bloomberg – U.S.Consumer Prices, Jobless Claims Exceed Forecast, Hurting Confidence, 9-15-2011

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