

>: Market Wrap Up October 6, 2008

Monday, October 6, 2008 / Chris Rowe

Did you see Chris Rowe's most recent market wrap up?

Every Monday afternoon at 6:30pm EST. he's posting a SUPER FAST market wrap-up for those of you who want to take a quick peek at the market, and go back to enjoying your life!

Check out what moved the market, one topic or event affecting the value of your portfolio, and find out where the current bull market can be found - Because "there's always a bull market somewhere!" [CLICK HERE TO SEE THE VIDEO!](#)

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Chris Rowe

Chief Investment Officer

[>](#)

Economic Calendar for the week of October 6 to October 10

Thursday, Oct. 9

8:30 Initial Claims

- **Importance (A-F):** This release merits a C .
- **Source:** The Employment and Training Administration of the Department of Labor.
- **Release Time:** 8:30 ET each Thursday (data for week ended prior Saturday).
- **Raw Data Available At:** <http://www.dol.gov/opa/media/press/eta/main.htm>.

Initial jobless claims measure the number of filings for state jobless benefits. This report provides a timely, but often misleading, indicator of the direction of the economy, with increases (decreases) in claims potential signalling slowing (accelerating) job growth. On a week-to-week basis, claims are quite volatile, and many analysts therefore track a four week moving average to get a better sense of the underlying trend. It typically takes a sustained move of at least 30K in claims to signal a meaningful change in job growth.

There are two other statistics in this report -- the number of people receiving state benefits and the insured unemployment rate; neither is watched closely by the market. Some analysts track the number of people receiving state benefits from month to month as a guide for job growth, though this series has a poor track record in predicting the monthly employment report. The insured unemployment rate changes little on a weekly basis and is never a factor for the market.

Big Picture

Unemployment claims are running at elevated levels, and now reflect labor market conditions that suggest very sluggish overall economic growth. The four-week moving average has risen to the 440,000 range. This is still not definitely recessionary, but it is close. The trend in claims suggests that payrolls will continue to decline in the months ahead.

Friday, Oct. 10

8:30 Trade Balance

- **Importance (A-F):** This release merits a **C** .
- **Source:** The Census Bureau and the Bureau of Economic Analysis of the Department of Commerce.
- **Release Time:** 8:30 ET around the 20th of the month (data for two months prior).
- **Raw Data Available At:** <http://www.census.gov/foreign-trade/www/press.html>.

The trade report is most widely watched for trends in the overall trade balance. But trends in both exports and imports of goods and services bear watching as well. The export data in particular are important to watch for indications that a strengthening competitive position at home and/or strengthening economies overseas are boosting U.S. growth. Imports provide an indication of domestic demand, but given the severe lag of this report relative to other consumption indicators, it is not particularly valuable for this purpose.

The volatility in the monthly trade balance can play an important role in GDP forecasts. Net exports are a relatively volatile component of GDP, and the trade report provides the only early clues to the net export performance each quarter.

Big Picture

The trade data get less market attention than they deserve. Exports are booming, and the monthly data are an important part of overall GDP. In fact, exports are now over three times as large as the housing component in GDP. The improvement in the trade balance, particularly in the real (price adjusted) trade balance, has provided a significant boost to real GDP growth the past year. Further improvement in the trade balance over the year ahead will provide important support to the economy. Note: higher oil prices worsen the trade balance and GDP deflator, but do not directly impact the real trade balance or real GDP.