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### 12/31/2010 Year End Economic Update

If you are happy to see the roller coaster called 2010 finally come to an end, then you are in good company.

- It was a very bumpy ride, but the markets did manage to end the year better than they began it.
- Gold was a standout performer with prices jumping almost 30% this year. We should be watching for the bottom to fall out at any moment. Remember, the last time we saw an asset run up that fast (ahem... real estate)? And don't even get me started on silver, gold's cheaper and even more volatile cousin.
- Despite the doomsayers, the US dollar appears to be down, but not out. With most of the developed world looking a bit wobbly, the US dollar managed to strengthen relative to the Euro while losing ground against the Japanese yen.

Our legislature has been busy twiddling its thumb this year.

- Healthcare reform remains a mystery. The penalties for not providing health insurance will be far less than the cost for most companies to provide it. More people may be able to qualify for individual coverage under the proposal, but with even higher rates, they still won't be able to afford it.
- It took all year, but there's finally have an answer on the ominous death tax (i.e. estate tax) going forward. My understanding is that the estate tax will be capped at 35% until 2013 with a \$5 million individual exemption. If, however, you lost a loved one in 2010, then the situation was a wee bit more complicated, and you probably need to schedule a powwow with both your favorite CPA and your trusted financial advisor.
- Under the new more relaxed Roth IRA conversion regulations, the wealthy are finally able to play in one of the few "tax-free" options available for retirement. *(Intrigued? Please give me a call.)*

NOTE: I am not a tax advisor, so please be sure to consult your CPA regarding your tax issues.

Happy New Year!  
Anita

*Below you can find some data for the year that might be of interest.*

	Current Month	Prior Month	Prior Year	1 year	52 Week	
	Dec-10	Nov-10	Dec-09	% Change	High	Low
<i>Index</i>						
<b>Dow</b>	11577.51	11006.02	10428.05	11%	11655.04	9596.04
<b>S&amp;P 500</b>	1258.76	1180.55	1115.10	13%	1262.60	1010.91
<b>NASDAQ</b>	2652.87	2498.23	2269.15	17%	2675.26	2061.14
<i>Commodity Prices</i>						
<b>gold</b>	1421.40	1386.10	1106.80	28%	1421.40	1058.00
<b>silver</b>	30.64	27.77	16.90	81%	30.64	15.06
<b>oil</b>	91.38	84.65	84.75	8%	93.55	73.83
<i>Yield</i>						
<b>2 Year Treasury</b>	0.60%	0.46%	1.14%	-47%	1.18%	0.33%
<b>10 Year Treasury</b>	3.29%	2.80%	3.84%	-14%	3.99%	2.38%
<b>30 Year Treasury</b>	4.33%	4.11%	4.63%	-6%	4.84%	3.51%
<i>Currencies</i>						
<b>USD/Euro</b>	1.34	1.30	1.43	-6%	1.46	1.19
<b>Yen/USD</b>	81.11	83.77	93.10	-13%	94.52	80.55
<i>Interest Rates</i>						
<b>Prime</b>	3.25%				3.25%	3.25%
<b>30 Yr Mortgage</b>	5.07%	4.63%	5.25%	-3%	5.51%	4.32%

Data source: [www.WSJ.com](http://www.WSJ.com) and [www.HSH.com](http://www.HSH.com)