

## Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of August 3, 2009

**Quote of the week.** “Only passions, great passions, can elevate the soul to great things.” – Denis Diderot

**2Q GDP: -1.0%.** The Commerce Department’s preliminary GDP calculation was much improved from the -6.4% and -5.4% of the preceding quarters. (Economists polled by Bloomberg News had expected a -1.5% reading.) While GDP has been negative for four quarters now, some are interpreting this statistic as a signal that the recession is waning.<sup>1,2</sup>

**Will C.A.R.S. keep running?** Friday, the House voted 316-109 to give the federal government’s cash-for-clunkers program another \$2 billion. However, Senate passage may not be so quick – Sen. Dianne Feinstein (D-CA) and Sen. Susan Collins (R-ME) have said they will call for stricter fuel efficiency requirements, which may lead to Congressional compromise. The extra \$2 billion would come from funding designated for the Energy Department.<sup>3</sup>

**New home sales jumped 11% in June.** The Commerce Department’s latest data gives us more evidence of a recovery. Spring numbers are usually strong, but this is quite impressive. New home sales have now increased for three straight months. In addition, housing starts rose 3.6% last month.<sup>4</sup>

**Some good news in durable goods.** Overall durable goods orders fell 2.5% for June, but apart from the transportation category, durable goods orders increased by 1.1% last month, representing the biggest ex-transportation gain in four months.<sup>5</sup>

**Dollar sinks, futures higher.** That GDP reading sent investors toward commodities Friday. The dollar dropped more than 1% versus other major currencies, and gold futures climbed \$18.50 to close at \$955.80. Oil rose 3.8% to close at \$69.45 on the NYMEX.<sup>6</sup>

**A July to celebrate.** It was an exceptional month for stocks. The Dow ended the week at 9,171.61, climbing 8.9% for July (the DJIA’s best month since October 2002). The NASDAQ and S&P 500 respectively gained 7.5% and 8.1% on the month; both indexes had their best July in 12 years.<sup>6</sup>

% Change	Y-T-D	1-Yr Avg	5-Yr Avg	10-Yr Avg
DJIA	+4.50	-19.39	-1.91	-1.39
NASDAQ	+25.46	-14.92	+0.97	-2.50
S&P 500	+9.33	-22.08	-2.07	-2.57
10YrTIPS Yd	-0.25	-3.63	-2.99	-5.52

(Source: CNNMoney.com, ustreas.gov, bls.gov, 7/31/09)<sup>7,8,9</sup>  
Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends.

**Riddle of the week.** A man pocketed it and took it home, intending to eat it. He put it on a shelf, but three days later it walked away. What was it?  
*Contact my office or see next week’s Update for the answer.*

**Last week’s riddle answer:** Light.

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and we will contact them and ask for their permission to be added.***

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## Citations.

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