

Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of August 10, 2009

Quote of the week. “If you have creative work, you don’t have age or time.” – Louise Nevelson

9.5% to 9.4% ... really? Yes. A decrease in the jobless rate cheered the stock market, sending the Dow up 113 points Friday. Not since April 2008 has the unemployment rate dropped. The Labor Department said 247,000 non-farming jobs were lost in July, compared with 443,000 for June.¹

\$2 billion more for C.A.R.S. With President Obama’s signature on Friday, funding for the federal cash-for-clunkers program was replenished. Will the money really last through Labor Day? Car shoppers hope so. “At this point, this is probably the extent of the program,” commented Sen. Carl Levin (D-MI) last week. According to Secretary of Transportation Ray LaHood, 83% of the clunkers have been SUVs and trucks and 60% of the resulting sales have been passenger cars.²

Pending home sales up again. That makes it five months in a row. The National Association of Realtors said they increased by 3.6% in June.³

Consumer spending increases 0.4%. That was the June estimate from the Commerce Department. Personal incomes fell by 1.3% during the month, coming down from May levels buoyed by economic stimulus payments.⁴

Orders rise, service sector contracts. July

factory orders beat economists’ expectations, rising 0.4% (economists surveyed by Reuters had forecast a 1.0% decrease). On the downside, the Institute for Supply Management’s service sector index slipped to 46.4 from 47.0 in June.⁵

August starts with gains. New year-to-date highs, in fact. The Dow rose 2.16% on the week to 9,370.07. The S&P 500 gained 2.33% last week to close at 1,010.48 Friday. The NASDAQ wrapped up Friday at 2,000.25 after a 1.10% weekly advance. All three indices rose between 1.2-1.4% on Friday alone.⁶

% Change	Y-T-D	1-Yr Avg	5-Yr Avg	10-Yr Avg
DJIA	+6.76	-18.03	-0.91	-1.25
NASDAQ	+26.84	-15.09	+2.51	-2.15
S&P 500	+11.87	-20.19	-1.01	-2.23
10YrTIPS Yd	-17.90	+11.09	-0.63	-4.95

(Source: CNNMoney.com, ustreas.gov, bls.gov, 8/7/09)^{7,8,9}
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. What famed North American landmark is constantly moving lower and moving backward?

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

Last week’s riddle answer: An egg.

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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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