

Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of August 24, 2009

Quote of the week. “One worthwhile task carried to a successful conclusion is worth half-a-hundred half-finished tasks.” – Malcolm Forbes

Existing home sales up 7.2%. They have not soared so much in a month since the National Association of Realtors began keeping the statistic in 1999. (The median resale price did decline 15.0% last month.) The NAR said the pace of residential resales was up 5.0% in July 2009 from a year ago.¹

Bernanke: recovery is near. “The prospects for a return to growth in the near term appear good,” Federal Reserve Chairman Ben Bernanke said Friday at the Kansas City Fed’s annual symposium. He sees short-term lending occurring “more normally” and new activity in “previously moribund” securitization markets. Stocks made big gains after his remarks.²

Leading indicator index up again. For the fourth straight month, the Conference Board’s index of leading economic indicators rose. The 0.6% July gain seems to offer more evidence of a fading recession.³

PPI & housing starts down. Producer prices fell 0.9% in July and were down a remarkable 6.8% from July 2008. Housing starts fell 1.0% in July: single-family starts rose 1.7%, apartment starts fell 13.0%.⁴

Oil, metals gain. Oil futures hit a 2009 peak Friday, closing at \$73.89 a barrel on the NYMEX after a 6.1% gain for the week. Copper futures gained 5.0% on Friday alone to \$2.88 per pound; gold gained \$13 Friday to end the week at \$954.70 an ounce.^{5,6}

C.A.R.S. ends 8/24. At still-participating dealers, applications for the government’s cash-for-clunkers rebates may be accepted until 8:00pm EST Monday.⁷

New YTD highs. Where did the major indices stand at Friday’s close? The DJIA: 9,505.96. The S&P 500: 1,026.13. The NASDAQ: 2,020.90. That put the Dow up 45.19% from the March 9 low, the NASDAQ up 59.30% from March 9, and the S&P 500 up 51.68% since that trough.⁸

% Change	Y-T-D	1-Yr Avg	5-Yr Avg	10-Yr Avg
DJIA	+8.31	-16.83	-1.20	-1.44
NASDAQ	+28.15	-15.10	+1.99	-2.37
S&P 500	+13.60	-19.69	-1.32	-2.32
10YrTIPS Yd	-26.20	+4.97	-1.12	-5.28

(Source: CNNMoney.com, ustreas.gov, bls.gov, 8/21/09)^{9,10,11}
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. Name a vegetable or fruit that is never sold frozen, canned, processed, cooked or in any other form except fresh.
Contact my office or see next week’s Update for the answer.

Last week’s riddle answer: Shoes, socks, sandals, sneakers, slippers, skis, skates, snowshoes, stockings, stilts.

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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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