

## Cowan Financial Group, Inc. Presents

# Weekly Economic Update for the Week of February 16, 2009

**Quote of the week.** “Character is like a tree and reputation like a shadow. The shadow is what we think of it; the tree is the real thing.” – Abraham Lincoln

**Stimulus plan set to become law.** The final version of the \$787 billion stimulus plan was approved in both the House of Representatives and the Senate on Friday. President Obama could sign the bill into law Monday. It includes payroll tax cuts of \$400 for individuals and \$800 for couples, and a one-time \$250 payment to disabled veterans and retirees. Businesses are also offered tax breaks, among them faster equipment write-offs and renewable energy incentives.<sup>1</sup>

**Retail sales improve.** Some positive news from the shopping center: the Commerce Department measured retail sales up 1.0% in January. That is the first rise in 6 months. Economists polled by Thomson Reuters had expected a 0.8% reduction.<sup>2</sup>

**The inventory story.** December figures from the Commerce Department show business inventories decreased by 1.3% (the greatest cut since 2001) and wholesale inventories reduced by 1.4% (the biggest month-over-month decrease in almost 17 years).<sup>3</sup>

### **Citi, JPMorgan halt foreclosures.**

JPMorgan Chase will wait until March 6 to start new foreclosure proceedings. Citigroup will refrain until March 12 or when the Obama administration finalizes its new loan modification program, whichever comes

first.<sup>4</sup> Details of the plan are apparently coming next week.

**More specifics, please.** Wall Street was unimpressed by Treasury Secretary Tim Geithner’s detail-light proposal to revise the bank rescue plan, and anxious over earnings and the stimulus package. It was a tough week, with the DJIA ending at 7,850.41, the NASDAQ at 1,534.36, and the S&P 500 at 826.84.<sup>5</sup>

% Change	Y-T-D	1-Year	5-Yr Avg
<b>DJIA</b>	<b>-10.55</b>	<b>-37.46</b>	<b>-5.23</b>
<b>NASDAQ</b>	<b>-2.71</b>	<b>-35.37</b>	<b>-5.06</b>
<b>S&amp;P 500</b>	<b>-8.46</b>	<b>-39.52</b>	<b>-5.57</b>

(Source: CNNMoney.com, 2/13/09)<sup>6</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.** What belongs to you, but is used by others more than by you?

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

**Last week’s riddle:** They come at night without being called. They are lost in the day without being stolen. What are they?

**Answer:** Stars.

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### Citations.

- <sup>1</sup> bloomberg.com/apps/news?pid=20601087&sid=ar415lsqeMzE&refer=home [2/13/09]
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