

Cowan Financial Group, Inc. Presents

Weekly Economic Update for the Week of February 23, 2009

Quote of the week. “You don’t live in a world all alone. Your brothers are here too.” – Albert Schweitzer

Action, reaction. The President signed a \$787 billion stimulus package into law to help the broad economy. The White House and the Treasury unveiled a \$275 billion strategy to aid homeowners. Still, Wall Street shrugged, concerned over the health of banks. It also reacted to the Federal Reserve’s 2009 projections: unemployment of 8.5-8.8% and economic contraction of 0.5-1.3%.¹ While stocks descended, some saw a great buying opportunity.

Good news on leading indicators. The Conference Board’s January index of leading economic indicators index rose 0.4%; economists had expected it to be flat. The CB chalks up much of the gain to the federal government putting more money in circulation. The index forecasts economic activity 3-6 months ahead gauging factors such as stock prices, building permits and initial jobless claims.²

CPI: flat. Retail prices were flat from January 2008 to January 2009, the government’s Consumer Price Index noted. This marks the first 12-month period without a rise in CPI since August 1954-1955. Consumer prices did go up 0.3% in January.³

Gold tops \$1,000, oil under \$40. Gold and silver prices respectively gained 6.37% and 6.35% last week. Gold closed at \$1,002.20 Friday on the NYMEX, silver at \$14.49. Oil ended the week at

\$38.94 a barrel; the AAA survey had a gallon of regular unleaded averaging just \$1.938 nationally.⁴

No hibernation. Bears roamed on Wall Street as worries over thrifts affected stocks. Friday, the White House said it preferred not to nationalize banks. The S&P 500 ended the week at 770.05, the NASDAQ at 1,441.23, and the DJIA at 7,365.67.⁵

% Change	Y-T-D	1-Year	5-Yr Avg
DJIA	-16.07	-40.73	-6.13
NASDAQ	-8.61	-38.07	-5.86
S&P 500	-14.75	-43.38	-6.54

(Source: CNNMoney.com, 2/20/09)⁶

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. One day Jill celebrated her birthday. A day *later*, her *older* twin brother Greg celebrated his birthday. How is that possible?

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

Last week’s riddle: What belongs to you, but is used by others more than by you?

Answer: Your name.

Please feel free to forward this article to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will contact them and ask for their permission to be added.

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Citations.

- ¹ forbes.com/2009/02/18/bernanke-fomc-obama-markets-economy-0218_bonds_30.html [2/18/09]
- ² google.com/hostednews/ap/article/ALeqM5hYou1TgGa5DecZwVxsWtqbai2gpAD96EOJS03 [2/19/09]
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