

## Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of January 26, 2009

**Quote of the week.** "I suppose leadership at one time meant muscles; but today it means getting along with people." – Mahatma Gandhi

**A stimulus by February?** President Barack Obama asserts that the \$825 billion economic stimulus package introduced by House Democrats will be ready for passage by February 16.<sup>1</sup> On Thursday, House Ways and Means Committee Chairman Charles Rangel (D-NY) pushed for a tax break that would let money-losing businesses to get refunds for taxes paid within the last five years rather than the last two years. The Committee rejected a Republican proposal to cut capital gains taxes as an amendment to the stimulus.<sup>2</sup>

**Yet more housing blues.** Housing starts dropped 16% in December, to the slowest pace since the start of Commerce Department recordkeeping in 1959. In November, the Federal Housing Finance Agency's price index was down 8.7% from its November 2007 level. Additionally, RealtyTrac measured 2.3 million homes in foreclosure last year – another all-time high.<sup>3</sup>

**Toyota is #1 automaker on earth.** At least in total sales terms: Toyota sold 9.97 million cars last year to General Motors' 8.36 million. So ends GM's 77-year reign as the world's top-selling automaker. Worldwide, Toyota sales have risen approximately 70% since 1999.<sup>4</sup>

**Stocks rollercoaster.** Poor indicators + alternately encouraging and discouraging earnings reports + Microsoft's first-ever major layoffs = a volatile week on the Street. Where did the big three indices finish for the week? The Dow closed at 8,077.56, the NASDAQ at 1,477.29, and the S&P 500 at 831.95.<sup>5</sup>

% Change	Y-T-D	1-Year	5-Yr Avg
<b>DJIA</b>	<b>-7.96</b>	<b>-34.17</b>	<b>-4.71</b>
<b>NASDAQ</b>	<b>-6.32</b>	<b>-36.23</b>	<b>-6.09</b>
<b>S&amp;P 500</b>	<b>-7.89</b>	<b>-37.85</b>	<b>-5.42</b>

(Source: CNNMoney.com, 1/23/09)<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 five-letter English word does not change its pronunciation when you take four letters away from it?

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

**Last week's riddle:** I went into the woods and got it. I brought it home in my hand and removed it. What am I talking about?

**Answer:** A splinter.

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services of a competent professional. Please consult your Financial Advisor for further information. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards.

- Citations.** <sup>1</sup> [usatoday.com/news/washington/legislative/2009-01-23-obama23\\_N.htm](http://usatoday.com/news/washington/legislative/2009-01-23-obama23_N.htm) [1/23/09]
- <sup>2</sup> [online.wsj.com/article/SB123265696973507379.html](http://online.wsj.com/article/SB123265696973507379.html) [1/22/09]
- <sup>3</sup> [bloomberg.com/apps/news?pid=20601087&sid=aptpd4\\_urTw&refer=home](http://bloomberg.com/apps/news?pid=20601087&sid=aptpd4_urTw&refer=home) [1/22/09]
- <sup>4</sup> [baltimoresun.com/business/bal-bz.toyota22jan22,0,516248.story](http://baltimoresun.com/business/bal-bz.toyota22jan22,0,516248.story) [1/22/09]
- <sup>5</sup> [money.cnn.com/](http://money.cnn.com/) [1/23/09]
- <sup>6</sup> [money.cnn.com/data/markets/dow/?](http://money.cnn.com/data/markets/dow/) [1/23/09]
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- <sup>6</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=1%2F23%2F04&mode=add&symp=DJIA](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=1%2F23%2F04&mode=add&symp=DJIA) [1/23/09]
- <sup>6</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=1%2F23%2F08&mode=add&symp=COMP](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=1%2F23%2F08&mode=add&symp=COMP) [1/23/09]
- <sup>6</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=1%2F23%2F04&mode=add&symp=COMP](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=1%2F23%2F04&mode=add&symp=COMP) [1/23/09]
- <sup>6</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=1%2F23%2F08&mode=add&symp=SPX](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=1%2F23%2F08&mode=add&symp=SPX) [1/23/09]
- <sup>6</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=1%2F23%2F04&mode=add&symp=SPX](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=1%2F23%2F04&mode=add&symp=SPX) [1/23/09]