

## Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of July 27, 2009

**Quote of the week.** “The softest things in the world overcome the hardest things in the world.” – Lao-Tzu

**Is real estate recovering?** Existing home sales are up for the third straight month. The National Association of Realtors had residential resales up by 3.6% in June – 0.2% under last year’s pace, but still an encouraging sign. Prices are a motivation – nationally, the median existing home sale price was \$181,800 last month.<sup>1</sup>

**Gas guzzler round-up gets underway.** The federal government’s CARS program (informally known as “cash for clunkers”) officially began over the weekend, with \$3,500/\$4,500 credits available to new car buyers who drive in 1984-or-newer autos that average 18 MPG or less. The program will run until November 1 or until the \$1 billion in federal rebates run out. You can visit cars.gov to determine whether you have a qualifying vehicle.<sup>2</sup>

**Oil & gold have a good week.** Crude oil futures gained 5.37% last week to finish at \$68.05 per barrel on the NYMEX Friday. In the latest AAA gas prices survey, a gallon of regular unleaded averaged \$2.470 nationally as opposed to \$4.026 a year before. (However, gasoline futures gained 8.25% last week.) Gold settled at \$953.10 per ounce Friday, wrapping up a 1.66% weekly gain.<sup>3</sup>

**Indication of hope.** Could the recession have ended already? The Conference Board’s index of leading economic indicators increased 0.7% for June (the third consecutive monthly gain, marking the best

performance since January 2002, which was two months after the conclusion of the last recession). The coincident-to-lagging indicators in the index also increased for the third month in a row.<sup>4</sup>

**9,000 ... 2,000? ... 1,000?** The Dow topped 9,000 last week, and the NASDAQ and S&P 500 may surpass the 2,000 and 1,000 benchmarks if the rally continues. The NASDAQ lost ground Friday to end a 12-session win streak and close the week at 1,965.96. The S&P 500 stood at 979.26 at Friday’s close; the Dow ended Friday’s market day at 9,093.24.<sup>5</sup>

% Change	Y-T-D	1-Yr Avg	5-Yr Avg	10-Yr Avg
DJIA	+3.61	-19.88	-1.74	-1.67
NASDAQ	+24.66	-13.78	+1.26	-2.70
S&P 500	+8.42	-21.82	-1.97	-2.78
10YrTIPS Yd	-20.96	+7.10	-1.90	-0.01

(Source: CNNMoney.com, ustreas.gov, treasurydirect.gov, bls.gov, 7/24/09)<sup>6,7,8,9</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 can fill a room, yet takes up no physical space?  
Contact my office or see next week’s Update for the answer.

**Last week’s riddle answer:** 12 times; 12 X \$2 = \$24. The coin came up tails the remaining 8 times; 8 x \$3 = \$24. So they were all even after 20 coin flips.

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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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