

Cowan Financial Group, Inc. Presents

Weekly Economic Update for the Week of June 1, 2009

Quote of the week. "People seem not to see that their opinion of the world is also a confession of their character." – Ralph Waldo Emerson

Spring brings positive thinking. More good news about consumer confidence: the final May Reuters/University of Michigan consumer sentiment index hit 68.7, the highest mark since September.¹ The Conference Board's Consumer Confidence Index came in at 54.9 this month, blowing away the 42.6 estimate of economists polled by Bloomberg News. May saw the biggest one-month gain in the CCI since 2003.²

GM readies for BK. Barring eleventh-hour deliverance, General Motors is poised to declare Chapter 11 bankruptcy on June 1. In the bankruptcy plan, the U.S. government and the United Auto Workers' VEBA health-care trust will own 90% of the new company. GM could get a fresh \$30 billion from the U.S. Treasury and \$9.5 billion from Canada. Meanwhile, Chrysler CEO Robert Nardelli said Chrysler could emerge from bankruptcy in June.³

How are homes selling this spring? Well, new home sales were up 0.3% for April; data shows existing home sales increased 2.9% that month.^{4, 5}

Another green shoot. In April, durable goods orders rose by 1.9%. April saw the first increase in orders for metals and metal products since July.⁶

Best month for oil since 1999. Oil prices rose 29.71% in May, ending the month at \$66.31 per barrel on the NYMEX. Crude prices gained 7.52% last week.⁷

A fine five days. It was a terrific week for stocks. The gains: S&P 500, +3.62% on the week to 919.14; DJIA, +2.69% to 8,500.33; NASDAQ, +4.87% to 1,774.33. The S&P 500 gained 5.31% for the month.⁸

% Change	Y-T-D	1-Year	5-Yr Avg
DJIA	-3.15	-32.78	-3.31
NASDAQ	+12.51	-29.26	-2.14
S&P 500	+1.76	-34.27	-3.60

(Source: CNNMoney.com, 5/29/09)⁹

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. Can you rearrange the letters in the words *new door* to make ... one word? You have to use all seven letters. (It might help to look up the definition of *anagram*.)

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

Last week's riddle: If there are three apples and you take away two, how many do you have?

Answer: Two – you have taken two apples.

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- Citations.** ¹ forbes.com/feeds/afx/2009/05/29/afx6480447.html [5/29/09]
² bloomberg.com/apps/news?pid=20601103&sid=arayDGpmRFZU&refer=us [5/26/09]
³ washingtonpost.com/wp-dyn/content/article/2009/05/28/AR2009052801449_pf.html [5/29/09]
⁴ bloomberg.com/apps/news?pid=20601087&sid=axAR9G.3wM80&refer=home [5/28/09]
⁵ features.csmonitor.com/economyrebuild/2009/05/27/home-prices-keep-falling-but-sales-revive-as-buyers-bargain-shop/ [5/27/09]
⁶ online.wsj.com/article/SB124356196602065121.html [5/29/09]
⁷ blogs.wsj.com/marketbeat/2009/05/29/data-points-energy-metals-47/ [5/29/09]
⁸ cnbc.com/id/31003396 [5/29/09]
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⁹ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F28%2F04&mode=add&symb=SPX [5/29/09]