

Cowan Financial Group, Inc. Presents

Weekly Economic Update for the Week of June 15, 2009

Quote of the week. "To teach is to learn twice."
– Joseph Joubert

Dow turns positive for 2009. By finishing Friday at 8,799.26, the Dow Jones Industrial Average surpassed its 2008 close of 8,776.39, a positive note in what some presumed would be a very negative year for stocks. The S&P 500 closed at a 7-month high Friday, a day after the NASDAQ hit an 8-month high.¹

Note of concern. The yield on the 10-year note flirted with 4% last week before falling to 3.79% at the close Friday. Rising Treasury yields encourage rising mortgage rates which could hurt the housing market.²

Retail sales up, jobless claims down. An 0.5% rise in retail purchases matched the forecasts of economists. This marked the biggest retail sales increase since January, according to the Commerce Department. Initial jobless claims for the first week of June were a seasonally adjusted 601,000, under the 615,000 analysts had projected.³

LIBOR rates at record lows. This is nice, and certainly underreported. LIBOR is the tool used to calculate ARMs. The three-month LIBOR fell to 0.62% Friday; the overnight rate dipped to 0.21%.⁴

Main Street feels better. June's (preliminary) University of Michigan/Reuters consumer sentiment index came in at 69.0 – under analysts' expectations, but still a gain. The index of current conditions (which

measures personal financial situation and interest in major purchases) rose to 74.5 from 67.7 in May.⁵

Quiet week of gains. On the week, the Dow, NASDAQ and S&P 500 all advanced. DJIA: +0.41% last week. S&P 500: +0.65%. NASDAQ: +0.51%.⁶

% Change	Y-T-D	1-Year	5-Yr Avg
DJIA	+0.26	-27.53	-3.09
NASDAQ	+17.87	-22.69	-1.41
S&P 500	+4.76	-29.38	-3.35

(Source: CNNMoney.com, 6/12/09)⁷

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. It lives in winter, dies in summer, and grows downwards from its base. It is not a plant. What is it?

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

Last week's riddle: A boat is docked. Over the side hangs 14 feet of light, sturdy rope ladder. The tide is rising at 3 inches per hour. After 2 hours, what length of rope ladder will remain above water?

Answer: 14 feet of rope ladder – since the boat is afloat, the water level in relation to the ship stays the same.

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- Citations.** ¹ money.cnn.com/2009/06/12/markets/markets_newyork/index.htm?postversion=2009061216 [6/12/09]
² marketwatch.com/story/treasurys-gain-on-signs-of-overseas-support [6/3/09]
³ usatoday.com/money/economy/2009-06-11-jobless-claims-retail-sales_N.htm [6/11/09]
⁴ money.cnn.com/2009/06/12/markets/bondcenter/bonds/?postversion=2009061214 [6/12/09]
⁵ bloomberg.com/apps/news?pid=20601087&sid=alJ4TUPVcmE0 [6/12/09]
⁶ cnbc.com/id/31330367 [6/12/09]
⁷ money.cnn.com/data/markets/dow/ [6/12/09]
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⁷ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=6%2F11%2F04&mode=add&symb=SPX [6/12/09]