

# Cowan Financial Group, Inc. Presents

## Weekly Economic Update for the Week of June 22, 2009

**Quote of the week.** “How long should you try? Until.” – Jim Rohn

**Obama unveils reform plan.** President Obama announced a plan to revamp financial industry regulation and prevent firms “too big to fail” from collapsing. The plan would make the Federal Reserve the chief watchdog over big banks, insurers and other major financial firms, police hedge funds and private equity funds, replace the Office of Thrift Supervision with a National Bank Supervisor, and create a new agency to regulate credit cards and mortgages.<sup>1</sup>

**Housing starts leap 17%.** They increased by 17.2% in May - and permits for single-family homes were up 7.9% last month, making it the best month in that category since November.<sup>2</sup>

**Energy prices push down CPI.** Across the 12 months ending in May, the Consumer Price Index fell 1.3%, the biggest year-over-year drop since 1950 and mostly due to declining energy prices. CPI did rise 0.1% in May; core CPI was up 1.8% last month.<sup>3</sup> PPI rose 0.2% in May, as energy prices climbed 2.9%.<sup>4</sup>

**Oil, gas & gold roundup.** AAA’s latest survey now shows a gallon of regular unleaded averaging \$2.69 nationally, an effect of 52 straight days of gains in gasoline futures.<sup>5</sup> However, gas futures fell 7% from Wednesday to Friday, and oil futures also fell. Crude oil closed at \$69.55 on the NYMEX Friday, the first sub-\$70 close since June 8.<sup>6</sup> Gold ended Friday at

\$936.20 per ounce, marking its third straight losing week.<sup>7</sup>

**Rally takes a week off.** Stocks had their first lackluster week in a month, falling more than 2% as investors weighed whether economic recovery was near at hand or further away. The three major indexes are still up more than 30% from their March lows.<sup>8</sup>

% Change	Y-T-D	1-Year	5-Yr Avg
<b>DJIA</b>	<b>-2.70</b>	<b>-29.21</b>	<b>-3.60</b>
<b>NASDAQ</b>	<b>+15.88</b>	<b>-25.77</b>	<b>-1.60</b>
<b>S&amp;P 500</b>	<b>+1.99</b>	<b>-31.40</b>	<b>-3.77</b>

(Source: CNNMoney.com, 6/19/09)<sup>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.** The Romans could take one away from four and make five. How did they do this?

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

**Last week’s riddle:** It lives in winter, dies in summer, and grows downwards from its base. It is not a plant. What is it?

**Answer:** An icicle.

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### Citations.

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- <sup>2</sup> marketwatch.com/story/us-may-housing-starts-jump-172-to-532000-rate-2009616830160 [6/16/09]
- <sup>3</sup> money.cnn.com/2009/06/17/news/economy/cpi\_consumer\_price\_index/?postversion=2009061708 [6/17/09]
- <sup>4</sup> forbes.com/2009/06/17/inflation-gasoline-economy-business-beltway-inflation.html [6/17/09]
- <sup>5</sup> msnbc.msn.com/id/12400801/ [6/19/09]
- <sup>6</sup> online.wsj.com/article/BT-CO-20090619-710031.html [6/19/09]
- <sup>7</sup> marketwatch.com/story/gold-silver-on-track-for-third-weekly-loss?siteid=rss [6/19/09]
- <sup>8</sup> cnbc.com/id/31449928 [6/19/09]
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