

Cowan Financial Group, Inc. Presents

Weekly Economic Update for the Week of March 16, 2009

Quote of the week. “Great things are not done by impulse, but by a series of small things brought together.” – Vincent Van Gogh

A wealth of good news. The headlines were far more positive last week. CEOs at Citigroup, JPMorgan Chase and Bank of America said their thrifts had been profitable in January and February; Citigroup chairman Richard Parsons said his bank wouldn't need further TARP funds.¹ Bank stocks also surged on a promise to Congress that the mark-to-market rule would be relaxed in coming weeks. General Motors said it didn't need federal money this month. General Electric's credit rating wasn't downgraded as badly as feared by Standard & Poor's.² Also, Federal Reserve Chairman Ben Bernanke saw a “good chance” of the recession ending in 2009 if federal efforts stimulate adequate bank lending.³

More strength in retail sales. The Commerce Department noted that retail purchases fell 0.1% in February, as opposed to the 0.5% economists had forecast. The government also revised retail sales figures for January: they rose 1.8% instead of 1.0%. That is the biggest monthly gain in three years.⁴

Oil rises, gold falls. The threat of OPEC cutting production was countered by predictions of decreasing demand by OPEC and the International Energy Agency, so oil futures settled at \$46.25 a barrel on the

NYMEX, gaining 1.6% on the week.⁵ Gold rose \$6.10 Friday, but lost 1.3% for the week to settle at \$930.10.⁶

Dow tops 7,200. It closed Friday at 7,223.98 – a 9.01% gain for the week. New optimism sent all three major indexes north. The S&P 500 climbed 10.71% on the week to finish at 756.55 Friday. The NASDAQ closed at 1,431.50 Friday, for a 10.64% weekly gain.⁷

| % Change | Y-T-D | 1-Year | 5-Yr Avg |
|--------------------|---------------|---------------|--------------|
| DJIA | -17.69 | -40.52 | -5.89 |
| NASDAQ | -9.23 | -36.76 | -5.57 |
| S&P 500 | -16.24 | -42.49 | -6.50 |

(Source: CNNMoney.com, 3/13/09)⁸

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 can be ten men's length with ten men's strength, and yet ten men cannot make it stand on its end. What could it be?

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

Last week's riddle: How many times can you subtract the number 5 from 25?

Answer: Once; after you subtract 5 from 25, you will be left to subtract 5 from 20, then 5 from 15, and so on.

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Citations.

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