

## Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of March 30, 2009

**Quote of the week.** “The best job goes to the person who can get it done without passing the buck or coming back with excuses.” – Napoleon Hill

**PPIP inspires investors.** Last Monday, Wall Street got a detailed plan to heal banks. The federal government’s Public-Private Investment Program aims to attract private sector investors to buy \$500 billion or more in troubled assets. Pension funds, insurance firms and other long-term investors can compete for federal loans in auctions, and then combine this borrowed money with their own funds to buy up illiquid securities currently burdening thrifts.<sup>1</sup> The S&P 500 rose 7.1% on March 23, capping the best 10-day stretch for that index since 1938.<sup>2</sup>

**Consumer spending increases.** Just a bit, but that’s better than contraction. For February, personal spending rose 0.2%, even as personal incomes fell by 0.2%. Also, the Reuters/University of Michigan index of consumer sentiment unexpectedly rose from 56.6 to 57.3.<sup>3</sup>

**Home sales rise.** In February, new home sales went up by 4.7% and residential resales rose 5.1%; Commerce Department data had new home sales up 9.7% last month in the South and 6.6% in the West.<sup>4</sup>

**30-year FRMs at 4.85%?** Yes, according to the latest Freddie Mac survey. Average interest rates on conventional long-term mortgages have reached another all-time low. The Mortgage Bankers

Association reported its weekly application index up 32.2% for the week concluding March 20.<sup>5</sup>

**Stocks gain again.** Last Monday’s huge rally pushed the Dow over 7,700. When the trading week ended, the DJIA stood at 7,776.18, the NASDAQ at 1,545.20, and the S&P 500 at 815.94.<sup>6</sup>

% Change	Y-T-D	1-Year	5-Yr Avg
<b>DJIA</b>	<b>-11.40</b>	<b>-36.79</b>	<b>-4.77</b>
<b>NASDAQ</b>	<b>-2.02</b>	<b>-32.25</b>	<b>-4.23</b>
<b>S&amp;P 500</b>	<b>-9.67</b>	<b>-38.45</b>	<b>-5.27</b>

(Source: CNNMoney.com, 3/27/09)<sup>7</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 7-letter word becomes longer when its third letter is removed?

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

**Last week’s riddle:** Pronounced as one letter, written with three, there are only two letters in me. I’m read from both ends, and the same either way. What word am I?

**Answer:** The word “eye”.

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### Citations.

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- <sup>2</sup> [bloomberg.com/apps/news?pid=20601087&refer=top\\_news&sid=aCbS6cEpJsQ](http://bloomberg.com/apps/news?pid=20601087&refer=top_news&sid=aCbS6cEpJsQ) [3/23/09]
- <sup>3</sup> [forbes.com/2009/03/27/personal-income-spending-markets-economy-february-consumer.html](http://forbes.com/2009/03/27/personal-income-spending-markets-economy-february-consumer.html) [3/27/09]
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- <sup>5</sup> [suntimes.com/business/1498896,CST-NWS-mort27.article](http://suntimes.com/business/1498896,CST-NWS-mort27.article) [3/27/09]
- <sup>6</sup> [cnbc.com/id/29919452](http://cnbc.com/id/29919452) [3/27/09]
- <sup>7</sup> [money.cnn.com/data/markets/dow/](http://money.cnn.com/data/markets/dow/) [3/27/09]
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