

Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of May 4, 2009

Quote of the week. “What we obtain too cheap, we esteem too lightly.” – Thomas Paine

Chapter 11 for Chrysler. Chrysler and Fiat agreed to partner last week, but the White House felt bankruptcy was needed to relieve the U.S. automaker of \$6.9 billion in debt (especially after certain Chrysler bondholders refused to cut that debt to \$2.25 billion.) Under the new partnership, Fiat will take a 20% stake in the company and build Chrysler vehicles with better fuel efficiency. Chrysler says it will idle its plants during the bankruptcy proceedings; it could receive up to \$8 billion more from the government.¹

Consumer spending down. The Commerce Department said personal spending slipped 0.2% in March, while personal incomes fell 0.3%. However, disposable incomes were flat for the month.²

Consumer sentiment up. The Conference Board’s monthly survey hit 39.2 for April. Economists polled by Bloomberg News expected a 29.7 mark. The gauge of future expectations hit 49.5, the highest level since September. The Reuters/University of Michigan final April index of consumer sentiment came in at 65.1, with its biggest gain in two years.^{3, 4}

Good news hidden in GDP data. The bad news: in 1Q 2009, the economy shrank by 6.1%. The good news: the Federal Reserve also said consumer spending rose at a 2.0% annualized pace last quarter.⁵

More weekly gains. Last week, the NASDAQ gained 1.5% to climb to 1,719.20. The DJIA gained 1.7% to finish Friday at 8,212.41. The S&P 500 closed Friday at 877.52, a 1.3% weekly increase. Thursday, the results of the stress tests will be released – the next big challenge for stocks.⁶

% Change	Y-T-D	1-Year	5-Yr Avg
DJIA	-6.43	-36.88	-3.94
NASDAQ	+9.02	-30.70	-2.09
S&P 500	-2.85	-37.74	-4.15

(Source: CNNMoney.com, 5/1/09)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. What goes up and down each day yet does not physically move?

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

Last week’s riddle: What’s the difference between here and there?

Answer: The letter T.

Securities offered through NEXT Financial Group, Inc. Member FINRA/SIPC

Please feel free to forward this article to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will contact them and ask for their permission to be added.

These views are those of Peter Montoya Inc., and not the presenting Representative or the Representative’s Broker/Dealer, and should not be construed as investment advice. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor’s 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is not possible to invest directly in an index. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the “NYSE”) and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world’s largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. All economic and performance data is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot invest in unmanaged indices. The publisher is not engaged in rendering legal, accounting or other professional services. If other expert assistance is needed, the reader is advised to engage the services of a competent

professional. Please consult your Financial Advisor for further information. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards.

Citations.

- ¹ usatoday.com/money/autos/2009-04-30-chrysler-talks-update_N.htm [4/30/09]
- ² google.com/hostednews/ap/article/ALeqM5iR9tcKfHeTSvcKp45fumd68LVchwD97SQKD05 {4/30/09}
- ³ bloomberg.com/apps/news?pid=20601087&sid=a.JioUJOTODc&refer=home# [4/28/09]
- ⁴ bloomberg.com/apps/news?pid=20601087&sid=aiAVbNuUi8LQ&refer=home [5/1/09]
- ⁵ articles.moneycentral.msn.com/Investing/Dispatch/market-dispatches-042909.aspx [4/29/09]
- ⁶ marketwatch.com/news/story/Stocks-look-economic-data-May/story.aspx?guid={517EF6BC-E9AD-4719-8421-DB4ED72BE8E2} [5/1/09]
- ⁷ money.cnn.com/data/markets/dow/ [5/1/09]
- ⁷ money.cnn.com/data/markets/nasdaq/ [5/1/09]
- ⁷ money.cnn.com/data/markets/sandp/ [5/1/09]
- ⁷ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F1%2F08&mode=add&symb=DJIA [5/1/09]
- ⁷ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=4%2F30%2F04&mode=add&symb=DJIA [5/1/09]
- ⁷ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F1%2F08&mode=add&symb=COMP [5/1/09]
- ⁷ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=4%2F30%2F04&mode=add&symb=COMP [5/1/09]
- ⁷ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F1%2F08&mode=add&symb=SPX [5/1/09]
- ⁷ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=4%2F30%2F04&mode=add&symb=SPX [5/1/09]