

## Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of May 25, 2009

**Quote of the week.** “The only way a relationship will last is if you see your relationship as a place that you go to give, and not a place that you go to take.” – Tony Robbins

**A credit card crackdown.** Friday, President Obama signed new rules for credit card issuers into law. Presently, card issuers will need to start notifying cardholders of rate hikes 45 days in advance; the new legislation will also curb retroactive rate increases and require cardholders to receive statements 21 or more days before due dates. While consumers liked the move, major banks didn't. Many banks feel that the new rules will make it more difficult for them to set rates based on cardholder risk, which could translate to more fees and fewer rewards.<sup>1</sup>

**The whole story in housing starts.** The Commerce Department reported that housing starts fell 12.8% for April. Look closely, however: while apartment construction plummeted 42.0% last month, construction of single-family homes actually increased 2.8% in April – a very positive sign.<sup>2</sup>

**Oil, gas prices continue to rise.** The ascent continues: oil concluded the week at \$61.67 per barrel on the NYMEX. Nationally, the price of a gallon of regular unleaded averaged \$2.39 last Friday according to the AAA retail price survey. Retail gas prices rose 34.3 cents (16.7%) from April 29 to May 22.<sup>5</sup>

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**Market mood: cautious.** The momentum of the last few weeks slowed as Wall Street pondered the credit rating of the U.K. and U.S. economies, the latest housing news, and comments from Federal Reserve officials. On Friday, the S&P 500 closed at 887.00, the NASDAQ at 1,692.01, and the DJIA at 8,277.32. All three indices posted small gains on the week.<sup>4</sup> Markets closed Monday for the Memorial Day holiday.

% Change	Y-T-D	1-Year	5-Yr Avg
<b>DJIA</b>	<b>-5.69</b>	<b>-34.44</b>	<b>-3.39</b>
<b>NASDAQ</b>	<b>+7.29</b>	<b>-31.35</b>	<b>-2.30</b>
<b>S&amp;P 500</b>	<b>-1.80</b>	<b>-36.39</b>	<b>-3.78</b>

(Source: CNNMoney.com, 5/22/09)<sup>5</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.** If there are three apples and you take away two, how many do you have?

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

**Last week's riddle:** Make an equation that equals 1,000 using only addition and only the numbers 8, 88 and 888. You must use all three of these numbers. You may use a number more than once.

**Answer:** It works as follows:  $888 + 88 + 8 + 8 + 8 = 1000$ .

- Citations.** <sup>1</sup> [smartmoney.com/personal-finance/debt/tighter-credit-card-rules-pass-senate-milestone/](http://smartmoney.com/personal-finance/debt/tighter-credit-card-rules-pass-senate-milestone/) [5/22/09]
- <sup>2</sup> [money.cnn.com/2009/05/19/real\\_estate/housing\\_starts/?postversion=2009051909](http://money.cnn.com/2009/05/19/real_estate/housing_starts/?postversion=2009051909) [5/19/09]
- <sup>3</sup> [money.cnn.com/2009/05/22/markets/oil/?postversion=2009052213](http://money.cnn.com/2009/05/22/markets/oil/?postversion=2009052213) [5/22/09]
- <sup>4</sup> [cnbc.com/id/30887798](http://cnbc.com/id/30887798) [5/22/09]
- <sup>5</sup> [money.cnn.com/data/markets/dow/](http://money.cnn.com/data/markets/dow/) [5/22/09]
- <sup>5</sup> [money.cnn.com/data/markets/nasdaq/](http://money.cnn.com/data/markets/nasdaq/) [5/22/09]
- <sup>5</sup> [money.cnn.com/data/markets/sandp/](http://money.cnn.com/data/markets/sandp/) [5/22/09]
- <sup>5</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=5%2F22%2F08&mode=add&symb=DJIA](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F22%2F08&mode=add&symb=DJIA) [5/22/09]
- <sup>5</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=5%2F21%2F04&mode=add&symb=DJIA](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F21%2F04&mode=add&symb=DJIA) [5/22/09]
- <sup>5</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=5%2F22%2F08&mode=add&symb=COMP](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F22%2F08&mode=add&symb=COMP) [5/22/09]
- <sup>5</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=5%2F21%2F04&mode=add&symb=COMP](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F21%2F04&mode=add&symb=COMP) [5/22/09]
- <sup>5</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=5%2F22%2F08&mode=add&symb=SPX](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F22%2F08&mode=add&symb=SPX) [5/22/09]
- <sup>5</sup> [money.cnn.com/quote/historical/historical.html?pg=hi&close\\_date=5%2F21%2F04&mode=add&symb=SPX](http://money.cnn.com/quote/historical/historical.html?pg=hi&close_date=5%2F21%2F04&mode=add&symb=SPX) [5/22/09]