

Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of August 31, 2009

Quote of the week. “In a society of super-sophisticated communication, we often suffer from a shortage of listeners.” – Erma Bombeck

Wages flat, but spending up. So says the latest data from the Commerce Department. Consumer spending rose 0.2% in July (the third straight monthly gain, in line with economists’ forecasts). Personal incomes were flat for July and 2.4% below levels of one year ago.¹

New home sales way up. They increased 9.6% for July, the fourth straight monthly gain. According to the Commerce Department, the sales pace hasn’t been this strong since September. Inventory is shrinking: roughly 271,000 new homes were on sale at the end of July, a low not seen since March 1993.²

More demand for hard goods. July was a great month for durable goods orders. They rose by 4.9%, a third straight monthly gain powered by an 18.4% jump in transportation orders. Inventories fell by 0.8%.³

Taking the consumer’s temperature. The Conference Board’s consumer confidence index rebounded from a quite dismal 47.4 in July to 54.1 this month. The final August Reuters/University of Michigan consumer sentiment index was 65.7, hardly changed from July’s 66.0 mark.⁴

Good days for oil & gold. A decline in the dollar certainly aids the commodities markets. Gold

finished the week at \$958.80 per ounce on the NYMEX; gold futures gained \$11.50 Friday, and silver, copper and platinum also advanced. As for oil, prices crested above \$75 a barrel last week, with futures settling at \$72.74 Friday in slight retreat from that 2009 peak.⁵

Low volume, languid week. With so many traders on vacation, the last full week of August was quiet on Wall Street. Make that quietly positive: the S&P 500 advanced 0.27% last week to 1,028.93, the NASDAQ gained 0.39% to reach 2,028.77, and the Dow gained 0.40% in five days to close at 9,544.20 Friday.⁶

% Change	Y-T-D	1-Yr Avg	5-Yr Avg	10-Yr Avg
DJIA	+8.75	-18.53	-1.28	-1.39
NASDAQ	+28.64	-15.88	+1.79	-2.65
S&P 500	+13.91	-20.89	-1.42	-2.37
10YrTIPS Yd	-23.14	+10.13	-1.08	-5.04

(Source: CNNMoney.com, ustreas.gov, bls.gov, 8/28/09)^{7-8,9}
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. Name a sport in which neither the spectators nor the participants know the score or the winner until the match ends.

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

Last week’s riddle answer: Lettuce.

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

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Citations.

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