

Cowan Financial Group, Inc. Presents Weekly Economic Update for the Week of September 14, 2009

Quote of the week. “The greatest obstacle to discovery is not ignorance - it is the illusion of knowledge.” – Daniel Boorstin

Consumer mood brightens. The preliminary September Reuters/University of Michigan consumer sentiment survey came in at 70.2 Friday, above the 68.0 expected by economists and much improved from the August reading of 65.7. The measure of current conditions (i.e., consumer feeling about personal financial situations) went up to 71.8 from 66.6 in August. The consumer expectations reading (will things be better or worse six months from now?) rose to 69.2 from 65.0.¹

Beige Book shows improvement. The Federal Reserve’s roundup of nationwide economic conditions showed 11 of 12 Fed regions enjoying either growth or stability (the St. Louis region was the exception). The Beige Book noted that businesses in most Fed regions were taking a “cautiously positive” view of the economy.²

Inventories continue to shrink. Wholesalers reduced them by 1.4% in July to the lowest level in three years. July 2009 was the best month for wholesale sales since June 2008: they rose by 0.5%.³

Gold’s record close: \$1,006.40. Gold futures closed at a new all-time high on the NYMEX Friday. Meanwhile, the U.S. Dollar Index touched a 2009 low on Friday and lost roughly 2% last week as interest picked up for riskier assets. As for oil, crude futures fell down to \$69.29 per barrel at Friday’s close (a

3.68% week-ending drop) on concerns over reduced demand and worries about inventory buildup.^{4,5}

The rally resumes. Slight Friday losses didn’t erase much of last week’s Monday-Thursday gains. The S&P 500 advanced 2.59% for the week to 1,042.73. The Dow finished at 9,605.41 Friday. The NASDAQ wrapped up the week at 2,080.90.⁶

% Change	Y-T-D	1-Yr Avg	5-Yr Avg	10-Yr Avg
DJIA	+9.45	-15.99	-1.37	-1.29
NASDAQ	+31.95	-7.85	+1.97	-2.79
S&P 500	+15.44	-16.52	-1.44	-2.29
10YrTIPS Yd	-30.57	-4.79	-2.62	-5.17

(Source: CNNMoney.com, ustreas.gov, bls.gov, 9/11/09)^{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 three words in everyday English that begin with the letters “dw”.
Contact my office or see next week’s Update for the answer.

Last week’s riddle: Can you name two perennial vegetables? (That is, vegetables that don’t need to be replanted and that can live on to produce in a future growing season?)

Last week’s riddle answer: Rhubarb and asparagus.

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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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