

*Tim Hummel and Steve Newman Present*

## Weekly Economic Update for the Week of July 14, 2008

*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.*

**Quote of the week.** "Nothing is a waste of time if you use the experience wisely." – Auguste Rodin

**Fannie Mae, Freddie Mac OK?** On Friday, reports that the Treasury Department might act to stabilize either or both mortgage finance giants sent stocks down. Treasury Secretary Henry Paulson said that his department was committed to "supporting Fannie Mae and Freddie Mac in their current form as they carry out their important mission," reassuring investors. But their stocks hit 17-year lows Friday.<sup>1</sup>

**Retail sales, inventories rise.** U.S. retail sales gained 2.3% in the first week of July and 4.3% in June, according to two retail industry performance indexes.<sup>2, 3</sup> Meanwhile, the Commerce Department reported wholesale inventories up by 0.8% for May, above the 0.7% median forecast of polled economists.<sup>4</sup>

**Pending home sales dip.** The National Association of Realtors' pending home sales index fell 4.7% for June, 14% below the June 2007 reading. The index tracks total sales set to close in 30 to 60 days.<sup>5</sup>

**Trade deficit shrinks 1.2% in May.** This good news from the Commerce Department signals that a cheaper dollar brought export gains even with rising oil prices. Import prices climbed 2.6% in June, according to the Labor Department.<sup>6</sup>

**A down week.** Volatile oil prices and rumors about mortgage giants didn't help the market. The big three indices lost between 0.83-1.14% on Friday.<sup>7</sup>

% Change	Y-T-D	1-Year	5-Yr Avg
DJIA	-16.32	-22.32	+4.34
NASDAQ	-15.58	-18.43	+5.83
S&P 500	-15.59	-22.53	+4.84

*(Source: USAToday.com, CNNMoney.com, 7/11/08) <sup>8,9</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.** I am a port city in Canada, a state in southeast Australia, a big lake in Africa, and a renowned queen. What is my name?

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

**Last week's riddle:** A farmer feeds a total of ten goats and dogs with 56 biscuits. The dogs each eat six biscuits and the goats each eat five biscuits. So how many goats and how many dogs does he have?

**Answer:** 4 goats and 6 dogs.  $4 \times 5 = 20$ ,  $6 \times 6 = 36$ ,  $20 + 36 = 56$  biscuits.

**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.**

Contact Tim or Steve at 407-629-7792 or by email at [THummel@ksifa.com](mailto:THummel@ksifa.com) or [Steve.Newman@ksifa.com](mailto:Steve.Newman@ksifa.com)

Timothy J. Hummel and Steven A. Newman are registered representatives of and offers securities through Kovack Securities, Inc. Tel. 954-782-4771. member FINRA/SIPC

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:NYSE) operates two securities exchanges: the New

York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx<sup>®</sup>, 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.** <sup>1</sup> bloomberg.com/apps/news?pid=20601103&sid=a\_GCGJLRRZzo&refer=news [7/11/08]  
<sup>2</sup> boston.com/business/articles/2008/07/09/us\_retail\_sales\_increase\_most\_in\_two\_months/ [7/11/08]  
<sup>3</sup> ap.google.com/article/ALeqM5iUDvPEJ3EGEZ-t-4PjFke9ELUiuQD91R3AU00 [7/10/08]  
<sup>4</sup> reuters.com/article/economicNews/idUSN0744492220080708 [7/8/08]  
<sup>5</sup> ap.google.com/article/ALeqM5jYhsxaJOLCURko2JR8R6NUDHRW2wD91PNBMGO [7/8/08]  
<sup>6</sup> bloomberg.com/apps/news?pid=20601068&sid=ahxvlzu.4ynE&refer=economy [7/11/08]  
<sup>7</sup> cnbc.com/id/25642211 [7/11/08]  
<sup>8</sup> usatoday.com/money/default.htm [7/11/08]  
<sup>9</sup> money.cnn.com/quote/historical/historical.html?pg=hi&close\_date=7%2F11%2F07&mode=add&symb=DJIA [7/11/08]  
<sup>9</sup> money.cnn.com/quote/historical/historical.html?pg=hi&close\_date=7%2F11%2F03&mode=add&symb=DJIA [7/11/08]  
<sup>9</sup> money.cnn.com/quote/historical/historical.html?pg=hi&close\_date=7%2F11%9F07&mode=add&symb=NASDAQ [7/11/08]  
<sup>9</sup> money.cnn.com/quote/historical/historical.html?pg=hi&close\_date=7%2F11%2F03&mode=add&symb=NASDAQ [7/11/08]  
<sup>9</sup> money.cnn.com/quote/historical/historical.html?pg=hi&close\_date=7%2F11%2F07&mode=add&symb=SPX [7/11/08]  
<sup>9</sup> money.cnn.com/quote/historical/historical.html?pg=hi&close\_date=7%2F11%2F03&mode=add&symb=SPX [7/11/08]