

Tim Hummel and Steve Newman Present

Weekly Economic Update for the Week of July 28, 2008

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Quote of the week. "Those who dream by day are cognizant of many things which escape those who dream only by night." – Edgar Allen Poe

Friday's good news. Durable goods orders rose by 0.8% in June, noted the Commerce Department; economists had forecast a 0.4% decline.¹ The Reuters/University of Michigan final July index of consumer sentiment rose to 61.2; economists thought it would stay flat at 56.4. New home sales fell 0.6% in June, better than the 1.8% drop foreseen by analysts.²

Thursday's not-so-good news. The June existing home sales data was weak. The Commerce Department reported a 2.6% drop for the month and a 15.5% year-over-year decline, resulting in the slowest sales pace since the first quarter of 1998.³

Oil futures keep falling. For the second week in a row, crude oil prices descended – futures closed at \$123.26 a barrel in on the New York Mercantile Exchange Friday afternoon. According to AAA/Oil Price Information Service data, the price of a gallon of regular unleaded is now averaging just over \$4.⁴

Mortgage rates, foreclosures up. Last week, average rates on 30-year FRMs were 6.63%.⁵ RealtyTrac reported Friday that 2Q 2008 foreclosure filings were up 121% from 2Q 2007.⁶

NASDAQ gains, S&P & Dow slip. The NASDAQ rose 1.2% last week, while the DJIA fell 1.1% and the S&P 500 0.2%.⁷

% Change	Y-T-D	1-Year	5-Yr Avg
DJIA	-14.28	-21.23	+4.49
NASDAQ	-12.89	-14.61	+6.70
S&P 500	-14.34	-20.70	+5.19

(Source: USA Today.com, CNM Money.com, 7/25/08) ^{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. A doctor in Paris has a brother in Toronto who is a lawyer. The lawyer does not have a brother who is a doctor in Paris. How is this possible?

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

Last week's riddle: A father tells his young son, "I will pay you \$6.00 per hour for the 6 seconds you took to wash your hands before dinner." So how much does the boy earn for these 6 seconds of effort?

Answer: One cent. At a rate of \$6 paid per 60 minutes, \$6 divided by 60 works out to 10 cents a minute. Six seconds is one-tenth of a minute, so the boy earns 1 cent.

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- Citations.** ¹ forbes.com/afxnewslimited/feeds/afx/2008/07/25/afx5254239.html [7/25/08]
² bloomberg.com/apps/news?pid=20601103&sid=aw71HlvU6YY&refer=news [7/25/08]
³ ap.google.com/article/ALeqM5i2lHvXyLhWJXE-sq0W-UffZUSwQgD924EHE00 [7/24/08]
⁴ chicagotribune.com/business/sns-ap-oil-prices,0,6226038.story [7/25/08]
⁵ money.cnn.com/2008/07/24/real_estate/mortgage_rates/index.htm?postversion=2008072412&eref=yahoo [7/24/08]
⁶ news.yahoo.com/s/ap/foreclosure_rates;_ylt=AoNxVPjVDMmypDwxEYYJRX.z1g4B [7/25/08]
⁷ bloomberg.com/apps/news?pid=20601103&sid=aw71HlvU6YY&refer=news [7/25/08]
⁸ usatoday.com/money/default.htm [7/25/08]
⁹ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=7%2F25%2F07&mode=add&symb=DJIA
⁹ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=7%2F25%2F03&mode=add&symb=DJIA [7/25/08]
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⁹ money.cnn.com/quote/historical/historical.html?pg=hi&close_date=7%2F25%2F03&mode=add&symb=SPX [7/25/08]