



Real Wealth[®] Radio
with Jim & Tony Real Wealth[®] Advisors



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Presents

Weekly Economic Update for the Week of August 27, 2007

Quote of the week. “The way to get started is to quit talking and begin doing.” – Walt Disney

Fed lifts lending limits for 2 banks. On late Friday afternoon, the Federal Reserve revealed a Monday decision to momentarily exempt Citigroup and Bank of America from rules technically restricting the amount of lending to their brokerage affiliates, Citigroup Global Markets and Banc of America Securities. Documents posted on the Fed’s website Friday noted that both banks had requested the exemptions in order to provide added liquidity to holders of mortgage loans and mortgage-backed securities. The Fed says it acted in the public interest, seeking to help the banks conduct business in “the most rapid and cost-effective manner possible.”

New home sales finally rise. The Commerce Department revealed that new home sales rose 2.8% in July, compared to a 4% decline in June. Most industry analysts predicted a decrease for July, and August numbers will likely be weak given recent credit tightening in the mortgage industry. As National Association of Home Builders economist Bernard Markstein remarked, “If we could wipe out the events of the last several weeks, we would be rejoicing.”

B of A invests in Countrywide. Bank of America made a \$2 billion equity investment in the troubled mortgage giant Wednesday, a move heralded by Countrywide CEO Angelo Mozilo as “a vote of confidence.” Countrywide stock remains almost 50% below its value a year ago.

Crude prices fall, oil supplies rise. Oil futures closed at \$71.09 on the New York Mercantile Exchange, but dropped by 1% on the week as oil facilities dodged the brunt of Hurricane Dean and as the Energy Department noted crude inventories rising. Natural gas futures fell to \$5.46 on the NYMEX.

At last, some stability. It was a calm and satisfying week on Wall Street, with solid earnings reports and positive indicators buoying the market. In fact, the S&P 500 had its best week since March.

% Change	1-Week	4-Week	Y-T-D
DJIA	+2.24	+0.85	+6.76
NASDAQ	+2.78	+0.56	+5.96
S&P 500	+2.26	+1.38	+4.24

(Source: CNNMoney.com, 8/24/07)

Riddle of the week. There is a single-story house in which everything is pink. The doors are pink, the windows are pink, the walls and floors are pink, even the TV is pink. What color are the stairs?

(Read the answer here next week.)

Answer to last week’s riddle. That person would be your mother.

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