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*Presents*

## Weekly Economic Update for the Week of September 10, 2007

**Quote of the week.** “Facts do not cease to exist because they are ignored.” – Aldous Huxley

**First net job loss in four years.** The U.S. economy lost 4,000 jobs in August, news that surprised analysts and sent stocks plunging and treasuries soaring. Economists polled had expected payrolls to swell by 110,000 jobs last month. The first such decline since August 2003 puts more pressure on the Federal Reserve to cut interest rates. “Clearly the economy is struggling, and this is the kind of evidence that really makes a strong case for a Fed easing move,” ClearView Economics president Ken Mayland observed. The new Labor Department data also showed unemployment flat for August (4.6%) and wages up 0.3%.

**Record # of new foreclosures.** The Mortgage Bankers Association’s latest survey reveals that 0.65% of U.S. mortgageholders entered the foreclosure process in 2Q 2007, the third quarter in a row that a new all-time high has been set. Moreover, the delinquency rate rose to 5.12% of all U.S. mortgages, up almost .75% from a year ago. The 2Q delinquency rate for subprime mortgages? 14.82%.

**Countrywide to cut 20% of payroll.** After the stock markets closed Friday, America’s top mortgage lender announced that 20% of its employees would likely lose their jobs before 2008, unless interest rate conditions and the real estate market improve. Countrywide Financial said it expects its loan origination volume to fall by about 25% next year.

**Greenspan feels déjà vu.** Friday, former Federal Reserve chairman Alan Greenspan characterized recent stock market woes as “identical in many respects” to the crises of 1998 and 1987, with the bubble bursting on an expanding, euphoria-driven economy. He stated that incremental interest rate adjustments do little to defuse such bubbles “until the fever breaks,” the *Wall Street Journal* reported.

**A week of gains erased.** Investors interpreted the mediocre employment data as a possible recession signal on Friday, leading to a losing week on the Street.

% Change	1-Week	4-Week	Y-T-D
<b>DJIA</b>	<b>-1.86</b>	<b>-0.96</b>	<b>+4.95</b>
<b>NASDAQ</b>	<b>-1.19</b>	<b>+0.81</b>	<b>+5.38</b>
<b>S&amp;P 500</b>	<b>-1.41</b>	<b>-0.01</b>	<b>+2.44</b>

*(Source: CNNMoney.com, 9/7/07)*

**Riddle of the week.** When is zero greater than two, two greater than five, and five greater than zero?

*Read the answer here next week.*

**Answer to last week’s riddle.** The side with four dots.

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