



Brounes & Associates

4607 BRAEBURN DR. ▪ BELLAIRE, TEXAS 77401 ▪ 713.962.9986 ▪ ron@ronbrounes.com

THE NEXT ECONOMIC STIMULUS

You're Getting One Without Even Realizing It

Remember that \$168 billion economic stimulus package enacted earlier in the year? At the time, the Prez and Congress hoped to jumpstart a sluggish economy by padding the pockets of many hard-working Americans through tax rebates of \$600 to \$1,200. While some retailers benefited from increased traffic in the months that followed, the actual rewards to consumers were muted as the cost of oil (and, therefore, gasoline) was rising to new records seemingly daily. Unfortunately, some of that rebate went directly into the gas tank.

Well, now the economy appears to be in far worse shape and folks are clamoring for another significant package. Retailers are crying “doom and gloom” as the holiday season rapidly approaches and sales projections are dismal at best. Meanwhile, Congress and the Administration have their hands more than full dealing with the ongoing financial crisis, a potential auto bailout, a (choose one) recession/deflation/depression, home foreclosures, a Presidential transition, and a host of other global “challenges.” And, yet, if individuals really want another stimulus package, they need look no further than (of all places) the neighborhood gas station (or the competing one across the street).

In mid-July, oil prices had surged beyond \$145/barrel and gasoline followed suit with a national average of \$4.11/gallon. “Expert” analysts claimed that \$200/barrel oil was all but a foregone conclusion and began warning consumers that some European drivers pay in excess of \$8 for a gallon of unleaded. My, how quickly times have changed. Just a few short months later, oil has plunged below \$50 and many consumers are paying less than \$2/gallon across the country, a decline in excess of 50% from the summer highs.

So, while Congress debates the merits of the TARP (Troubled Asset Relief Program), individuals should realize they are already reaping the rewards of a stimulus package that directly affects their pocketbooks and the government did not have to forgo another dime (or \$168 billion).

Simply stated...If I spent \$50/week on gasoline a few months ago and now I am spending \$25, I am saving \$25/week. Over a six month period, that savings will translate into \$600 on one car (single person) or \$1,200 for two (married couple). If those figures look familiar, they represent the exact rebate amount distributed to taxpayers earlier in the year, only all drivers benefit from the decline in gas prices, regardless of their income levels. Of course, the numbers will vary based on the region of the country, the gas-guzzling nature of the vehicle, and the daily commutes of the drivers. And, no one can predict the cost of oil/gas in six months (or even tomorrow).

The economy is still a long way from being out of the woods; the government has its hand full putting out fires; the markets are in disarray; retailers are very worried about their most profitable time of the year; a new President prepares to take office at a time of great national (international) uncertainty and concern. However, consumers need to take a break from the negativity of those pundits on TV and in the financial press for just a bit and realize that they are receiving a substantial stimulus package without even realizing it. And, maybe they can even spend it during the holiday season and help stimulate the economy.

The information set forth was obtained from sources which we believe reliable but we do not guarantee its accuracy or completeness. Neither the information nor any opinion expressed constitutes a solicitation by us of the purchase or sale of any securities. Past performance is not a guarantee of future performance.