

IT'S NOT OVER 'TIL IT'S OVER

WEB BUZZ 2010.01.11

Someone has coined the phrase, "The recession is over, but the depression continues." That's where we believe we are as we enter 2010. It just appears that the last 60 years of market history do not allow market participants to be able to observe the fact that this current economic period is unlike any since the 1930s.

We are having a balance sheet debt reduction period that will take years to correct. It is clearly underway in the private sector and it is only through massive and wasteful government spending that the economy is now recovering in any manner whatsoever. Just think of the following:

1. Bankruptcies were up 32% last year.
2. Fannie Mae is broke.
3. Freddie Mac is broke.
4. The FDIC is broke.
5. 140 banks were shut down in 2009.
6. There are nearly 600 banks on the problem list and it's growing week by week.
7. The housing market is weak with little upside potential.
8. Commercial real estate is plunging in value. Vacancies are up and rent is down.
9. Some experts in the hotel industry believe that 33% of all such properties will go broke.
10. The U.S. auto industry (except Ford) has changed management for the worse. December sales being down 31% from the days of 2006 and 2007 is considered good? Give me a break!

Small business in the U.S. is being decimated by Washington's public policy. Our government is propping up failed companies and outdated labor unions while our small-fries-on-Main-Street people are going to be taxed to help pay for this terrible waste of resources.

It is not a pretty picture and we are just not sure when financial participants will come to this realization, but when they do, the next leg down in the stock market casino will make 2008 look like a walk in the park. Don't let the Wall Street killing machine suck you in.