

Economic & Financial Market Update

September 2011

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Armageddon Hypochondria??!

- Banks are Broke!
- Consumers Won't Spend!
- Government Out of Control!!
- Taxes Will Kill Us!!!
- We'll Never Get TARP Back?
- Socialized Health Care?
- New Killer Financial Regulations?
- Fed "Zero-Policy" Creating Next Bubble?
- High Unemployment Forever!?
- "Everyone Will Walk Away From Their Home!?"
- A Run on the U.S. Dollar?
- A Run on the Euro?
- What Does "GOLD" Know?
- What Does "Bond Market" Know?
- Is China in a Bubble?
- Is China Slowing Down?
- Will U.S. Lose AAA?
- Runaway Inflation?
- Runaway Deflation??
- Oil Spill Disaster!
- "BAD" Hurricane Season Coming?!
- Small Companies Can't Get Credit!
- Greece to End World!!



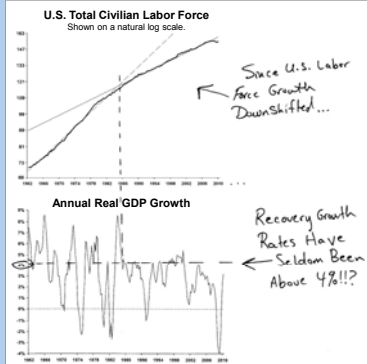
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Federal Deficits... More Cyclical Than Structural!?



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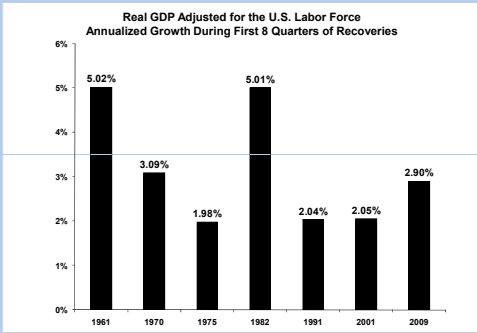
“New-Normal” Labor Force Growth!??!



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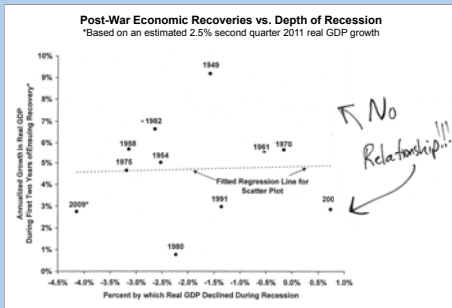
Adjusted for Labor Force... FOURTH BEST Recovery Since 1960!!!



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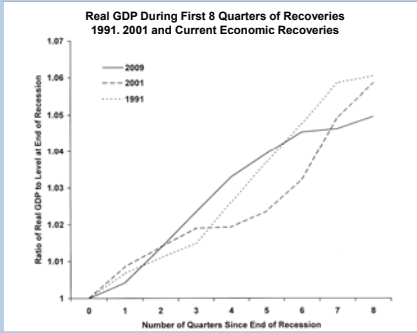
Do Strong Recoveries Follow Deep Recessions???



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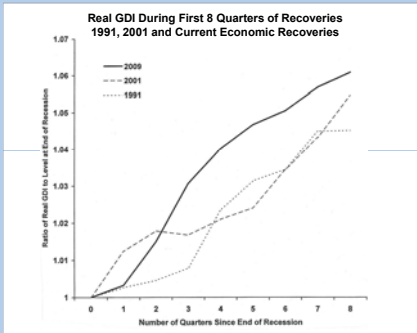
A "Normal" Recovery... Spending Side?!??



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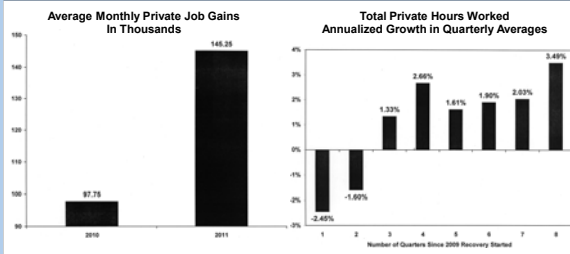
A "Normal" Recovery... Income Side?!??



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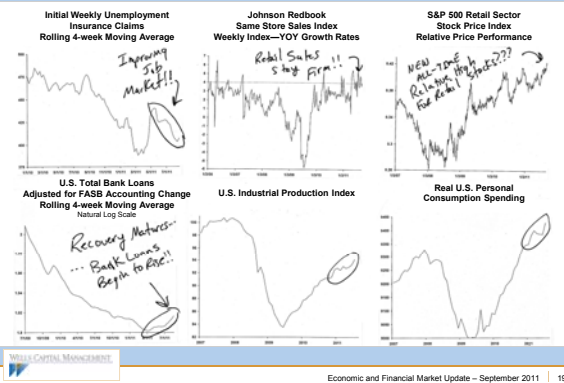
Job Market... Still Making Progress?!?



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Momentum Headed Into Panic!??



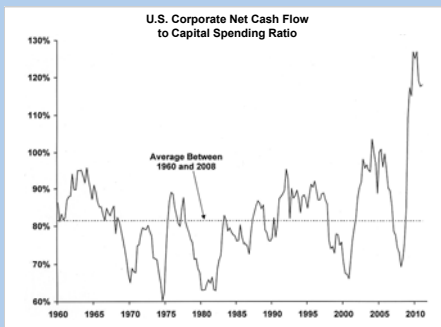
Economy Self Medicated!!?

- Mortgage Yields Down 1%
- Crude Oil Off 25%
- U.S. Dollar Down 12%
- M2 Money Supply Surging Since June
- Japan Is Bouncing

A Soft Patch RENOVATION!!!

- 60% Improvement in Job Growth!
- Credit Creation Emerging!
- Emerging World Soft Landing!
- Surging Commodity Prices Arrested!
- Surging Energy Prices Stopped!
- “Dollar Dump” Paused!
- Improved Money Supply Growth!
- Lowered Bond Yields!
- Extinguished Bullishness!
- Revalued Stock Market!
- Japanese Bounce!

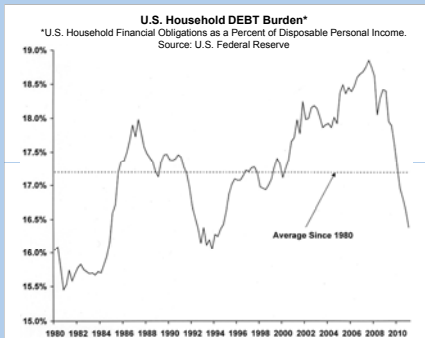
Corporate Dry Powder!!!?



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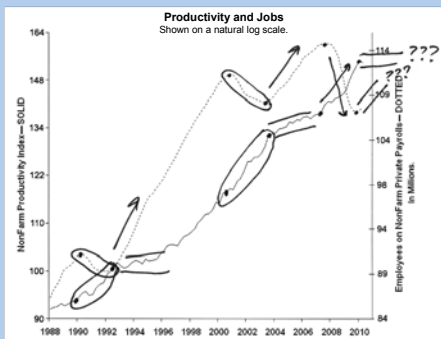
Restoring Household Capabilities!!!?



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Could Declining Productivity be a Catalyst for Jobs???



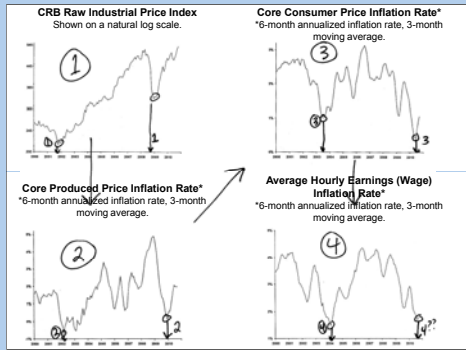
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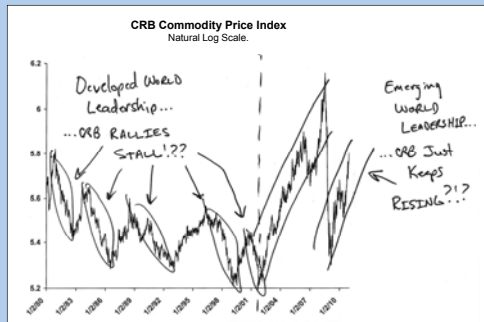
Like the Last Two Recoveries... Confidence Slow To Improve!???



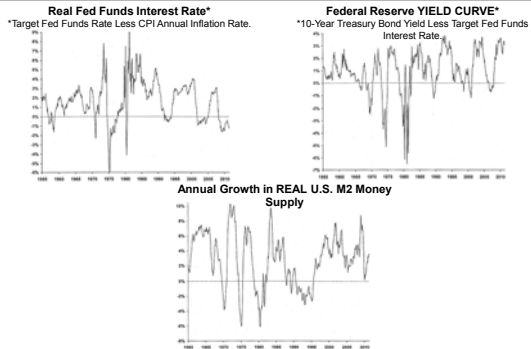
The U.S. Inflation Cycle!?!



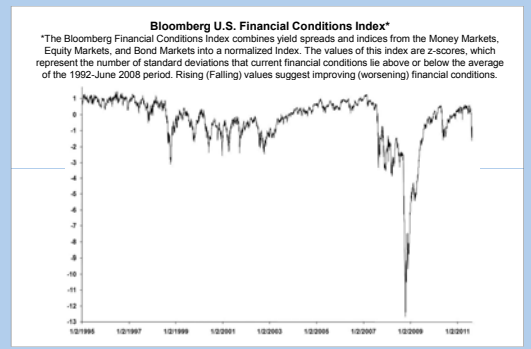
A New Commodity Price Cycle??!



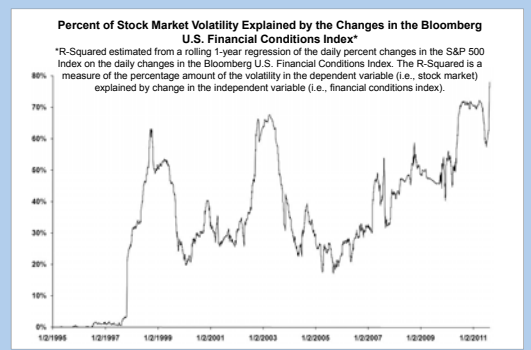
An Abnormally, "NORMAL" Fed?!?



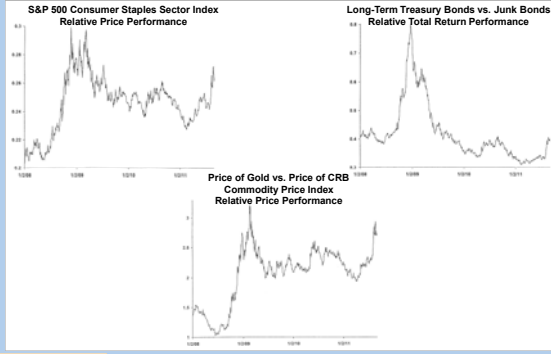
Crisis Probability?!?



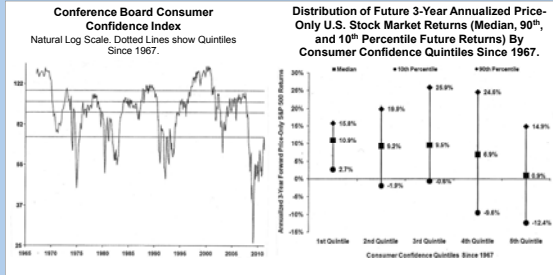
A "Crisis-Phobic" Culture?!?



Take Advantage of a Panic... ... "Safe-Havens" to "Cyclicals"!!?



Low Confidence → Strong Future Returns!!!?



Confidence and Risk-Assets!?!



Questions?

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