State of the U.S. Economy

Quick Summary

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Is this for real?

How can we recover with the labor market in shambles?

Hungry for risk again?

Survival of the fittest

Old School Banking

Policy Risks
- Trade Policy
- Fiscal & Regulatory Policy
- Monetary & Credit Policy
Outline

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Industrial Production: Durable Manufacturing (NAICS) (IPDMAN)
Source: Board of Governors of the Federal Reserve System

Shaded areas indicate US recessions.
2009 research.stlouisfed.org
Total Business Inventories/Sales Ratios: 2000 to 2009
(Data adjusted for seasonal, holiday and trading-day differences but not for price changes)
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Figure 2

Net Worth
Trillions of Dollars

Source: Federal Reserve Board and Wachovia
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Four Bad Bear Markets
nominal price excluding dividends

Crash of 1929
-47.9%

1973 Oil Crisis
-48.2%

Current Bear
-56.8%

Tech Crash
-49.1%

Dow Crash of 1929: 9/3/1929 - 7/8/1932 (34.2 months)
Tech Crash: 3/24/2000 - 10/9/2002 (30.5 months)
Current Bear: 10/9/2007 - ? (18.2 months so far)

Current
-45.6%
Up 25.9%
From low

-89.2%

<--- Months --->
XLP = Consumer Staples
XLY = Consumer Discretionary
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MSCI Emerging Markets
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Survival of the fittest

- Bed Bath Beyond vs Linens ‘N Things
- Best Buy vs Circuit City
- Cisco buying Tidal software
- Pulte buying Centex
- Express Scripts buying (part of) Wellpoint
- Glaxo and Pfizer teaming up
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Savings and Small Time Deposits at Commercial Banks (SVSTCBSL)
Source: Board of Governors of the Federal Reserve System

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Sec. Gates is pushing weapons cuts.
Estate tax plans hit hurdles.
Cali and NY compete for top taxer.
EPA may regulate auto emissions.
Mark to Market.
Regulate VC firms?
Uptick rule.
Senate 96-2: Re-evaluate the Fed’s structure and costs.
Fed to host regular press conferences?
Excess Reserves of Depository Institutions (EXCRESNS)
Source: Board of Governors of the Federal Reserve System

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M1 Money Multiplier (MULT)
Source: Federal Reserve Bank of St. Louis

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Sources: WSJ, FRED, Yahoo Finance, Wachovia, MSCI, BEA, dshort.com