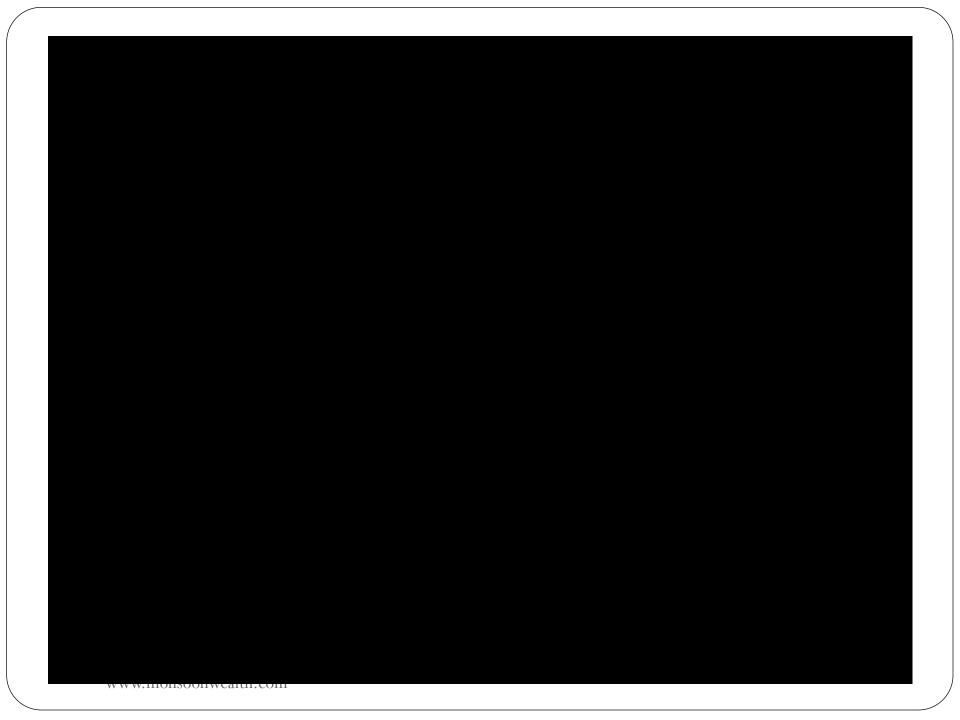
2010 Economic Preview: V or W or U or √ or L

Marvin R. Clark

Managing Principal
Chief Economist and Strategist

ISM Diversity Summit
Omni Hotel
February 3, 2010
San Diego, California

Monsoon Wealth Management



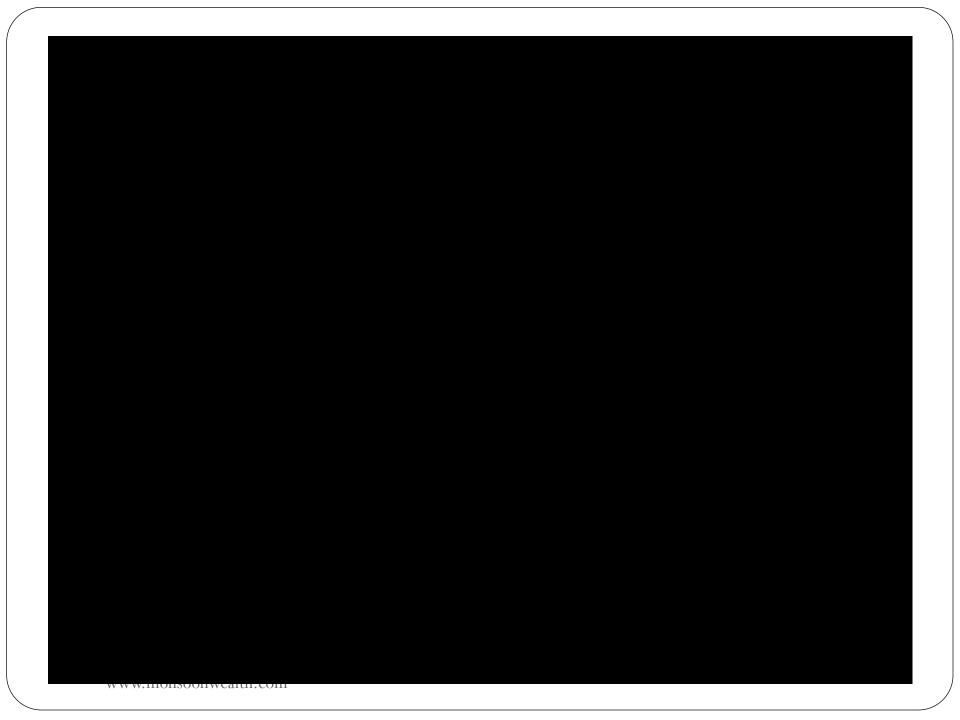
2008 & 2009 Review

2008

- Bear Stearns
- Indy Mac
- Fannie Mae
- Freddie Mac
- Lehman Bros.
- Breaking the Buck
- TARP
- 6% Contraction

2009

- President Obama
- Unemployment
- Falling Stock Market
- New Lows
- March Rally
- Foreclosures
- Green Shoots
- Stimulus Dollars



Post WWII US Economic Theories

John Maynard Keynes

- Higher Taxes
- Government Spending
- Social Safety Nets
- Union Wages
- Universal Health Care
- Redistribution of Wealth

Supply-Side Economics

- Lower Taxes
- Smaller Government
- Free Markets
- No minimum wage law
- Few regulations
- Buyer beware

MAJOR CAUSES of Post WWII Deflation

- Falling oil prices 1981-2000
- Falling interest rates 1981-2008
- Deregulation
- Cheap domestic labor 1986-2007
- The information and digital age
- Personal computer 1981
- NAFTA
- Globalization
- The Internet
- Cheap Capital

MAJOR CAUSES Of Post WW II Inflation

- Great Society Programs 1964-1968
- Vietnam War 1959-1975
- Suspending the gold standard 1971
- The 1st oil embargo 1973
- Inexperienced workforce 1972-1982
- Antiquated manufacturing facilities
- The 2nd oil embargo 1979
- Excessive money supply growth

The 2000's

- Cowboy Capitalism
- Leverage
- Exotic investment products
- Lax supervision
- Deficit spending
- Derivatives
- Lowered underwriting standards
- O.P.M. (other peoples' money)
- No Fear

This Decade's Four Bubbles

- Dot.com Stocks
- Residential Real Estate
- Commercial Real Estate
- Blue Chip Stocks

The New Normal

- An L shaped recovery
- Multi-year credit contraction
- Re-regulation
- Low, low growth
- Higher taxes
- Later on, inflation
- China's driving
- A reduced standard of living in America

Predicting 2010

- 2009 Holiday Sales
- 4th Quarter GDP
- December Unemployment Numbers
- Other 4th quarter and 2009 Economic Data
- Real Estate
- National Wealth

January 4-8th Data

Monday	Tuesday	Wednesday	Thursday	Friday
ISM Mfg Index	<u>Tuesday</u>	MBA Purchase		<u>Employment</u>
10:00 AM ET	Motor Vehicle Sales	<u>Applications</u>		<u>Situation</u>
Construction Spending	ICSC-Goldman Store Sales	7:00 AM ET	<u>Monster Employment</u>	8:30 AM ET
10:00 AM ET	7:45 AM ET	Challenger Job-Cut Report		Wholesale Trade
4-Week Bill Announcement	<u>Redbook</u>	7:30 AM ET	6:00 AM ET	10:00 AM ET
11:00 AM ET	8:55 AM ET	ADP Employment Report	<u>Iobless Claims</u>	Consumer Credit
3-Month Bill Auction	<u>Factory Orders</u>	8:15 AM ET	8:30 AM ET	3:00 PM ET
11:30 AM ET	10:00 AM ET	ISM Non-Mfg Index	30-Yr Bond	
6-Month Bill Auction	Pending Home Sales Index	10:00 AM ET	Announcement	
11:30 AM	10:00 AM ET	EIA Petroleum Status	9:00 AM ET	
		Report		
		10:30 AM ET	10:30 AM ET	
		FOMC Minutes	<u>Treasury STRIPS</u>	
		2:00 PM ET	3:00 PM ET	
			<u>Fed Balance Sheet</u>	
			4:30 PM ET	
			4:30 PM ET	

January 11-15 Data

Tuesday ICSC-Goldman Store Sales 7:45 AM ET	Wednesday Bank Reserve Settlement	Thursday <u>Retail Sales</u> 8:30 AM ET	Friday Consumer Price Index 8:30 AM ET
International Trade 8:30 AM ET	MBA Purchase Applications 7:00 AM ET	<u>Jobless Claims</u> 8:30 AM ET	Empire State Mfg Survey 8:30 AM ET
Redbook 8:55 AM ET	EIA Petroleum Status Report 10:30 AM ET	Import and Export Prices 8:30 AM ET	Industrial Production 9:15 AM ET
4-Week Bill Auction 11:30 AM ET	10-Yr Note Auction 1:00 PM ET	RBC CASH Index 9:00 AM ET	Consumer Sentiment 9:55 AM ET
52-Week Bill Auction 11:30 AM ET	Beige Book 2:00 PM ET	Business Inventories 10:00 AM ET	
3-Yr Note Auction 1:00 PM ET	Treasury Budget 2:00 PM ET	EIA Natural Gas Report 10:30 AM ET	
		30-Yr Bond Auction 1:00 PM ET	
		Fed Balance Sheet 4:30 PM ET	
		Money Supply 4:30 PM ET	
	ICSC-Goldman Store Sales 7:45 AM ET International Trade 8:30 AM ET Redbook 8:55 AM ET 4-Week Bill Auction 11:30 AM ET 52-Week Bill Auction 11:30 AM ET 3-Yr Note Auction	Bank Reserve Settlement	Retail Sales Reta

January 18-22 Data

Monday US Holiday: Martin Luther King Jr. Day	Tuesday Treasury International Capital 9:00 AM ET	Wednesday MBA Purchase Applications 7:00 AM ET	Thursday <u>Jobless Claims</u> 8:30 AM ET	Friday No Data Today
All Markets Closed	State Street Investor Confidence Index 10:00 AM ET	ICSC-Goldman Store Sales 7:45 AM ET	<u>Leading Indicators</u> 10:00 AM ET	
	Housing Market Index 1:00 PM ET	Housing Starts 8:30 AM ET	Philadelphia Fed Survey 10:00 AM ET	
		Producer Price Index 8:30 AM ET	EIA Natural Gas Report 10:30 AM ET	
		Redbook 8:55 AM ET	EIA Petroleum Status Report 11:00 AM ET	
			3-Month Bill Announcement 11:00 AM ET	
			6-Month Bill Announcement 11:00 AM ET	
			2-Yr Note Announcement 11:00 AM ET	
			5-Yr Note Announcement 11:00 AM ET	
			7-Yr Note Announcement 11:00 AM ET	
			Fed Balance Sheet 4:30 PM ET	
			Money Supply 4:30 PM ET	

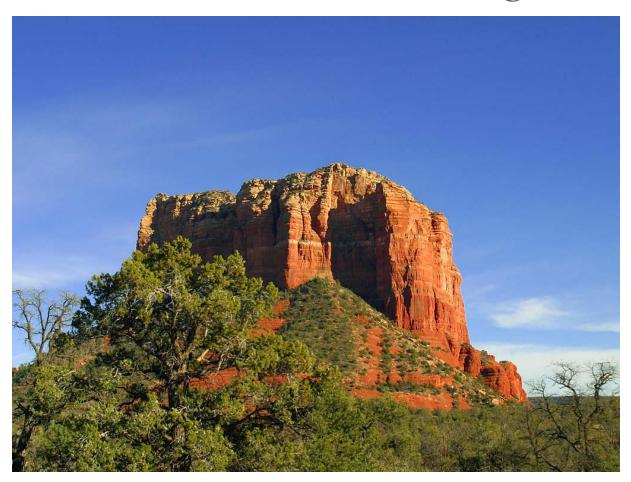
January 25-29 Data

FOMC Meeting Begins ICSC-Goldman Store Sales 7:45 AM ET	Bank Reserve Settlement MBA Purchase Applications 7:00 AM ET	Durable Goods Orders 8:30 AM ET Jobless Claims	GDP 8:30 AM ET
	**		
	**	<u>Jobless Claims</u>	Envelopment Continuous
7:45 AM ET	7:00 AM ET		Employment Cost Index
		8:30 AM ET	8:30 AM ET
<u>Redbook</u>	<u>New Home Sales</u>	EIA Natural Gas Report	<u>Chicago PMI</u>
8:55 AM ET	10:00 AM ET	10:30 AM ET	9:45 AM ET
<u>S&P Case-Shiller HPI</u>	EIA Petroleum Status	3-Month Bill Announcement	Consumer Sentiment
9:00 AM ET	Report 10:30 AM ET	11:00 AM ET	9:55 AM ET
Consumer Confidence	<u>5-Yr Note Auction</u>	6-Month Bill Announcement	Farm Prices
10:00 AM ET	1:00 PM ET	11:00 AM ET	3:00 PM ET
FHFA House Price Index	FOMC Meeting	7-Yr Note Auction	
10:00 AM ET	<u>Announcement</u>	1:00 PM ET	
	2:15 PM ET		
4-Week Bill Auction		<u>Fed Balance Sheet</u>	
11:30 AM ET		4:30 PM ET	
2-Yr Note Auction		Money Supply	
1:00 PM ET			l I
	9:00 AM ET Consumer Confidence 10:00 AM ET FHFA House Price Index 10:00 AM ET 4-Week Bill Auction 11:30 AM ET	9:00 AM ET Consumer Confidence 10:00 AM ET EHFA House Price Index 10:00 AM ET FOMC Meeting Announcement 2:15 PM ET 2-Yr Note Auction	9:00 AM ET Report 10:30 AM ET 11:00 AM ET Consumer Confidence 10:00 AM ET 5-Yr Note Auction 11:00 AM ET 6-Month Bill Announcement 11:00 AM ET FHFA House Price Index 10:00 AM ET FOMC Meeting Announcement 1:00 PM ET 7-Yr Note Auction 1:00 PM ET 4-Week Bill Auction 11:30 AM ET Fed Balance Sheet 4:30 PM ET 2-Yr Note Auction Money Supply

February 1-5 Data

Monday	Tuesday	Wednesday	Thursday	Friday
Personal Income and Outlays	<u>Motor Vehicle Sales</u>	MBA Purchase Applications	<u>Chain Store Sales</u>	Employment Situation
8:30 AM ET		7:00 AM ET		8:30 AM ET
	ICSC-Goldman Store Sales		<u>Monster Employment Index</u>	
	7:45 AM ET	<u>Challenger Job-Cut Report</u>	6:00 AM ET	<u>Consumer Credit</u>
10:00 AM ET		7:30 AM ET		3:00 PM ET
	<u>Redbook</u>		<u> Iobless Claims</u>	
Construction Spending	8:55 AM ET	ADP Employment Report	8:30 AM ET	
10:00 AM ET		8:15 AM ET		
	Pending Home Sales Index		Productivity and Costs	
	10:00 AM ET	30-Yr Bond Announcement	8:30 AM ET	
		9:00 AM ET		
			RBC CASH Index	
		ISM Non-Mfg Index	9:00 AM ET	
		10:00 AM ET		
			Factory Orders	
		EIA Petroleum Status	10:00 AM ET	
		Report		
		10:30 AM ET	EIA Natural Gas Report	
			10:30 AM ET	
		3-Yr Note Announcement	Treasury STRIPS	
		11:00 AM ET	3:00 PM ET	
			3100 2 512 2 2	
		10-Yr Note Announcement	Fed Balance Sheet	
		11:00 AM ET	4:30 PM ET	
		11.00 11.01	1.301.1121	
			Money Supply	
			4:30 PM ET	

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