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The
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Consumer Sentiment is Falling.

Confidence among U.S. consumers [unexpectedly declined](#) for a second month in March, a sign Americans are discouraged about the labor market.

The Reuters/University of Michigan preliminary [consumer sentiment index](#) fell to 72.5 from February's final reading of 73.6. Economists surveyed by Bloomberg News projected the gauge would increase to 74, according to the median estimate.

Retail Sales in U.S. Unexpectedly Rose in February.

[Sales](#) at U.S. retailers [unexpectedly climbed](#) in February as shoppers braved blizzards to get to the malls, signaling consumers will contribute more to economic growth.

Purchases increased 0.3 percent, the fourth gain in the past five months, Commerce Department figures showed today in Washington. *Figures for the prior two months were revised down, taking some of the shine off of today's data.* Sales [excluding autos](#) rose 0.8 percent, exceeding all estimates. *There's a good chance that the February figures will also be [revised down](#).*

JPMorgan, Citigroup Helped Cause Lehman Collapse, Report Says.

[JPMorgan Chase & Co.](#) and [Citigroup Inc.](#) [helped cause the failure](#) of Lehman Brothers Holdings Inc. by demanding more collateral and changing guarantee agreements, according to a court-ordered report on the biggest bankruptcy in U.S. history.

Barclays, Mizuho, UBS, Deutsche Bank, And KBC may also have attempted to ["squeeze"](#) Lehman Brothers. They may have had [good reason](#) to do this. Sadly, there is no change in behavior by the survivors.

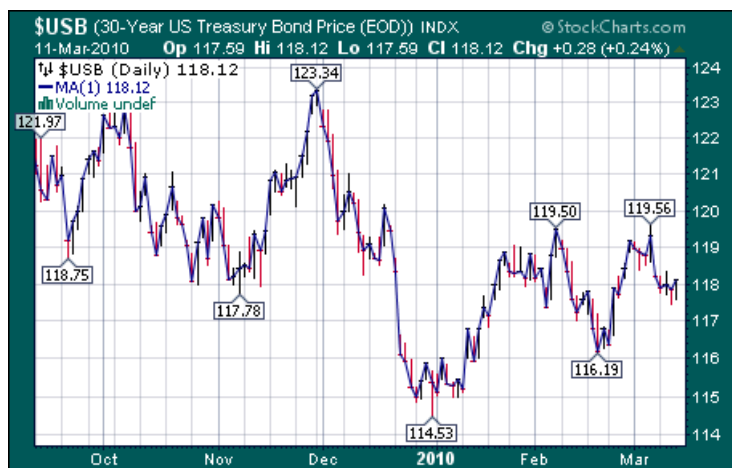
The S&P 500 is in a “Broadening Top.”



-- Investors are being whipsawed by a broadening formation. Unlike normal market tops where the price range narrows and volume diminishes, the broadening or megaphone formation shows expanding trading volume along with wider price swings. The pattern draws in an unusual amount of public participation, as evidenced by the lowest cash holdings since 2007 in stock mutual funds. Time to [look for the](#)

[exits?](#)

Treasury Bonds pull back.



-- Treasuries pulled back this week, but their uptrend is intact. An immensely [popular idea](#) is to short US Treasuries on the premise that inflation will erode their value. The evidence so far is that treasuries have room to rally, especially if the stock market cannot hold up to selling pressure in the near term. Stocks and real estate may be near their respective highs, so US Treasuries may be a safety play.

Gold cannot overcome resistance.



-- As many of the economic stimulus measures are winding down, the [demand for gold](#) as an inflation hedge may also diminish. Gold investors have been uncertain as shown by the sideways market over the past two months. Traders are still thinking that investors will be looking towards gold as a safe haven. The chart does not agree.

The Nikkei is in a speculative frenzy.



-- The rise in the Nikkei 225 Stock Average for the past five weeks had more to do with investor expectations than real results. Investors may have been speculating that the Bank of Japan may increase its [bailout funds](#) for financial institutions. Expanding the bailout fund would not only prop up failing financial institutions, but also weaken the yen, which might help exports.

China still market may be cooling off.



-- **China's stocks** fell, trimming a weekly advance, as investors speculated that the Bank of China would raise interest rates further to curb borrowing. Property values also dropped, as new regulations requiring a 20% deposit on land purchases increased the cost of developers and cooled the red-hot property market. Will stocks be next?

The U.S. Dollar may perform better than other currencies.

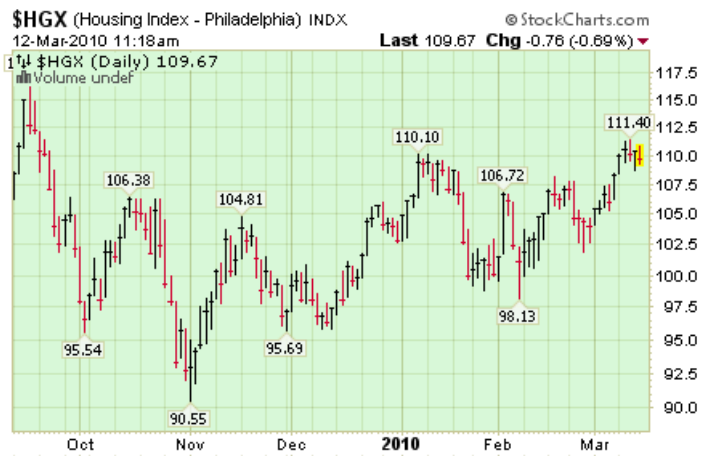


The [speculation](#) is that the Fed will attempt to keep interest low for the balance of 2010. Given that scenario, investors have been migrating over to higher-yielding currencies, thinking that the dollar run may be over.

long-lived.

The fly in the ointment for the speculators is that the dollar has risen above a very important support shown in the chart, which suggests that the speculation may not be very

There's no rush to restructure Fannie and Freddie



plan has been produced.

Gasoline prices are still jumping.



-- The federal government has spent the past half year seeking to [roll back](#) its emergency efforts at propping up the financial markets -- with the notable exception of its involvement in mortgage giants Fannie Mae and Freddie Mac.

As the government has pledged more and more money to cover the companies' losses, it has assured the public that planning was underway for overhauling the firms so the bailouts would end. *Thus far, no*

The Energy Information Agency [weekly report](#) reports, "The U.S. average price for regular gasoline increased for the third consecutive week, moving up a nickel to \$2.75 per gallon. The price was \$0.81 above the average last year at this time. Prices rose in all regions of the country with the East Coast climbing four cents to \$2.74 per gallon. The average in the Midwest increased the most, jumping nearly six cents to \$2.70 per gallon."

Moderating temperatures affecting Natural Gas prices.



The Energy Information Agency's [Natural Gas Weekly Update](#) reports, "Since last Wednesday, March 3, natural gas spot prices posted declines at market locations across the lower 48 States as temperatures moderated. Warmer temperatures throughout most of the lower 48 States and continued strength in natural gas production likely contributed to falling natural gas prices. Weekly natural gas consumption fell in all market sectors, decreasing about 12 percent for the lower 48 States overall since last week."

Housing subsidies have a dark side.

The [government-run](#) mortgage finance agencies [Fannie Mae](#) and [Freddie Mac](#) owned more than 131,000 properties between them at the end of 2009, according to recent annual filings. That's roughly the equivalent of San Francisco's owner-occupied housing stock. The two companies sold off nearly 200,000 units last year that they took over after owners defaulted. But despite those efforts, Fannie and Freddie owned substantially more units at the end of 2009 than they did a year earlier.

The Stimulus Scam.

The [recent improvement](#) of the global economy, with particularly high economic-growth numbers for the [United States](#), is just one more deception in a long series of deceptions that have plagued policy makers and investors. While official statistics register a rising gross domestic product, the long-term production potential of many economies around the world is actually contracting. The present economic expansion is brought about by massive stimulus policies. This kind of economic expansion does not constitute genuine economic growth.

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Regards,
Anthony M. Cherniawski, Manager

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