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The finger-pointing has already begun.

Former Federal Reserve Chairman [Alan Greenspan](#) said the central bank and other U.S. [regulators “failed”](#) during the financial crisis because they became too complacent about risks.

“Even with the breakdown of private risk-management, the financial system would have held together had the second bulwark against crisis -- our regulatory system -- functioned effectively,” Greenspan said in the text of a speech at a Brookings Institution conference today. “But, under crisis pressure, it too failed.”

China in Midst of ‘Greatest Bubble in History,’ Rickards Says

[China](#) is in the midst of “the greatest bubble in history,” said [James Rickards](#), former general counsel of hedge fund Long-Term Capital Management LP.

The Chinese central bank’s balance sheet resembles that of a hedge fund buying dollars and short-selling the yuan, said Rickards, now the senior managing director for market intelligence at McLean, Virginia-based consulting firm Omnis Inc.

“As I see it, it is the greatest bubble in history with the most massive misallocation of wealth,” Rickards said at the Asset Allocation Summit Asia 2010 organized by Terrapinn Pte in Hong Kong yesterday. China “is a bubble waiting to burst.”

Lehman’s Auditors Turn a Blind Eye.

Ernst & Young LLP, the Big Four auditor that failed to keep [Lehman Brothers](#) from misleading investors about its financial condition, still [can’t get its facts straight](#).

Last week, after Lehman’s bankruptcy examiner accused E&Y of malpractice in a [report](#) on the investment bank’s collapse, the accounting firm issued a brief statement standing by its audit work and offering up its best defense.

Has the “Broadening Top” crested?



-- The [broadening formation](#) in the U.S. stock indexes has grown even more in the past week. Usually a breakout above previous high points in the market is a bullish omen. It has the opposite meaning in a broadening formation. The whipsaw pattern indicates a market that is out of control and about to end badly. Is it time to [look for the exits](#)?

Treasury Bonds pull back late in the week.



-- Last week I mentioned that although treasuries pulled back, but their uptrend was intact. The media pundits suggest that treasuries advanced because of the jitters about the crisis in Greece. The crisis in Europe may be real, but there is ample reason domestically for caution. Stocks and real estate may be near their respective highs, so US Treasuries may still be a safe haven.

Gold may be losing its grip on the uptrend.



-- [Gold fell](#) in New York and London, paring its best weekly performance in a month, as a stronger dollar eroded the precious metal's appeal as an alternative investment.

The dollar rose to a one-week high against the euro after Greek Prime Minister [George Papandreou](#) said yesterday he may turn to the International Monetary Fund to overcome his nation's debt crisis unless European Union leaders agree

to set up a lending facility at a March 25-26 summit. Gold typically moves inversely to the dollar.

Nikkei speculation may be peaking.



-- The rally in the Nikkei 225 Stock Average this week had more to do with [good news from the U.S.](#) than any fundamental changes in the Japanese economy. This market has been dependent on bailouts from the Bank of Japan and “good news” about our economy that might result in more exports for Japan. Our economy hasn’t turned, however. Things have only become “less bad.”

China market may be cooling off.



-- [China’s stocks](#) rose, capping the biggest weekly gain in five weeks, as raw-material producers rallied after Aluminum Corp. of China Ltd.’s parent agreed to buy a stake in an African iron ore mine and copper prices gained. The [Shanghai Composite Index](#) rose 21.66, or 0.7 percent, to 3,067.75 at the close, erasing an earlier loss. The gauge has advanced 1.8 percent this week as a U.S. pledge to keep interest rates low boosted commodity prices and

investors speculated recent equity declines were excessive.

The U.S. Dollar bounces off an important support.



A [survey of traders](#) showed that gold may gain on speculation demand will increase as investors seek an alternative to the dollar and low interest rates.

They seem to be missing a very important point. With so many potential crisis points across the globe, investors may be looking for safety over higher return. The chart shows the dollar has bounced from a very important support area and may be going higher.

The Fed will stop buying mortgages at the end of March.



-- The Fed is maintaining the [status quo](#) on interest rates, is not terribly worried about inflation and is still planning to end its massive buying program of mortgage securities at the end of March. All of this comes from a Fed statement following the Tuesday meeting of its policy committee. The news on interest rates sent the stock market higher as investors breathed a sigh of relief that interest rates will stay near zero.

Nobody, for now, seems too concerned about the other part of today's message, that the \$1.25 trillion buying program that has been underway is soon to end.

Gasoline prices are still jumping.



The Energy Information Agency [weekly report](#) observes, "For the fourth week in a row, the U.S. average price for regular gasoline increased. The average moved up about four cents to \$2.79 per gallon and was \$0.88 above last year at this time. The cumulative increase during the past four weeks amounts to 18 cents per gallon. Prices rose in all regions of the country, with the increases ranging from two cents to nearly five cents per gallon."

Natural Gas prices plummet as spring arrives.



The Energy Information Agency's [Natural Gas Weekly Update](#) reports, "Natural gas spot prices continued declining this week, reflecting moderating demand as temperatures warmed in key high-demand areas of the country. Spot prices at market locations across lower 48 States fell since last Wednesday, March 10, with decreases ranging between 4 and 26 cents. Prices at trading locations serving demand centers in the Northeast also fell significantly

on the week, as spring-like temperatures arrived."

Dodd Bill "Empowers" Fed To Do Nothing.

Mish reports: In what amounts to a dog and pony show without dogs and without ponies, **Dodd Bill Empowers Regulators to Limit Size of Financial Firms.**

U.S. Senator Christopher Dodd, the Connecticut Democrat who chairs the Senate Banking Committee, speaks about overhauling U.S. financial regulation. Dodd, speaking at a news conference in Washington, unveiled a plan to overhaul financial rules and empower the Federal Reserve to break up large firms that pose a "grave threat" to U.S. economic stability.

Seriously, does anyone think Bernanke would act on this? Hell, Bernanke did not see a housing crisis or a recession. Bernanke thought he could put a floor on interest rates at 2% by paying interest on reserve. No one was more useless than Bernanke. *We don't need more regulations. We need our regulators to do their jobs!*

Federated's David Tice Sees "Huge" Potential For Decline.

Federated Investors' David Tice has a thing or two to say about the rally - "We've been the beneficiary of a massive credit bubble that we've not yet worked off the excesses... This secular [bear market](#) will not bottom until we get back until we get back below book value."

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Regards,
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