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U.S. Michigan Consumer Index remains Flat.

[Confidence](#) among U.S. consumers was higher than anticipated in March as companies slowed the pace of job cuts and stocks advanced.

Gains in confidence and fewer job losses may help sustain consumer spending and fuel the economy in coming months. A pickup in Americans' purchases, which account for about 70 percent of the economy, hinges on employment growth that has yet to materialize.

Bernanke Wants to End Bank Reserve Requirements Completely: Does it Matter? What Chaos will Result?

"The Federal Reserve believes it is possible that, ultimately, its operating framework will allow the [elimination of minimum reserve requirements](#), which impose costs and distortions on the banking system." There has been a lot of discussion over this line in various places such as on Yahoo Finance: [Bernanke Wants to Eliminate Reserve Requirements Completely](#)

If there were no minimum reserve requirements, what kind of chaos would that lead to in our financial system? Not that we are operating with sound money now, but is the solution to have no restrictions at all? Of course not. What in the world is [Bernanke](#) thinking?

Unemployment Climbed in 27 U.S. States, Fell in Seven.

Unemployment increased in 27 U.S. states in February, and dropped in seven.

The report indicates broad-based hiring is yet to develop following the loss of 8.4 million jobs since the recession began in December 2007. Florida, Nevada, Georgia, and North Carolina set record levels of joblessness last month.

Is selling pressure increasing in stocks?



-- The two red volume bars in the S&P 500 this week are not a good sign. It is a good indication that selling pressure is increasing in stocks. Although there are no losses as of yet, it appears that the urge to take profits after this recent rally is increasing, especially at the quarter end. Mutual fund managers generally cannot sell unless their clients do, but private money managers may. Is it time to [look for the exits?](#)

Have bonds seen their best days?



-- **Bill Gross**, manager of the world's biggest bond fund at **Pacific Investment Management Co.**, said the almost three-decade bond market rally may be drawing to a close. "[Bonds have seen their best days.](#)" Gross said in a Bloomberg Radio interview today from Pimco's headquarters in Newport Beach, California. "We are focused more in spread space than in yield space. Durations should be shorter than index and you should be taking a

little more risk in terms of spreads."

Gold's upward trend in question.



-- [Gold may decline](#) on concern that a strengthening dollar will curb demand for the metal as an alternative investment, a survey showed.

Ten of 20 traders, investors and analysts surveyed by Bloomberg, or 50 percent, said bullion would fall next week. Six forecast higher prices and four were neutral. Gold for delivery in April was down 1.5 percent for this week at \$1,091 an ounce at noon in New York

yesterday.

Nikkei speculation may be peaking.



-- [Japanese stocks](#) rose, sending the Nikkei 225 Stock Average to its highest close in almost 18 months, as a weaker yen boosted the earnings outlook for companies dependent on overseas demand. The **Nikkei 225** briefly topped 11,000 and rose 1.6 percent to 10,996.37 at the close in Tokyo, the highest level since Oct. 2, 2008. The broader **Topix Index** climbed 1.5 percent to 966.72, with all of its 33 industry groups advancing.

China no longer has a trade surplus.



-- "[China's trade surplus](#) with the US has been turned into a key excuse by American economists to pressure the Chinese government to revalue the yuan," but, ironically, the calls have been growing stronger even as the "surplus keeps falling". Although the timing of the announcement may be political, the trend towards a sustained trade deficit is very real. It comes on the back of an aggressive stimulus package focused on infrastructure spending which has

sucked in massive imports of commodities.

The U.S. Dollar reaches a 10-month high.



The [dollar declined](#) (today) versus major currencies on Friday, after reaching a 10-month higher versus the euro and other rivals, after euro-zone leaders agreed to a standby aid program for Greece in conjunction with the International Monetary Fund.

Still, the dollar is headed toward a weekly gain as concerns about the euro-zone's ability to solve its problems and the impact of peripheral nations on the region's

economic growth continue to make the greenback and U.S. assets more appealing to investors.

Mortgage delinquencies rise to nearly 14 percent



-- Delinquencies on mortgages rose to [nearly 14 percent](#) in late 2009, led by a sharp increase in seriously overdue home loans held by the most credit-worthy borrowers, say banking regulators. The percentage of current and performing mortgages fell to 86.4 percent at the end of the fourth quarter of 2009, down 0.9 percent from the previous three months, marking a decline for the seventh consecutive quarter, as reported by the Office of the Comptroller of the Currency and the Office of Thrift

Supervision.

Gasoline prices may have seen a top.



The Energy Information Agency [weekly report](#) observes, “For the fifth week in a row, the U.S. average price for regular gasoline moved up, increasing three cents to \$2.82 per gallon. The price was \$0.86 above the average a year ago and the cumulative increase during the past five weeks totaled \$0.21 per gallon. The average on the East Coast inched up one cent to \$2.79 per gallon. The largest increase occurred in the Midwest, where the average jumped

nearly seven cents to \$2.81 per gallon.”

Natural Gas production keeps prices low.



The Energy Information Agency’s [Natural Gas Weekly Update](#) reports, “Strong domestic production is also putting downward pressure on prices, contributing to lower imports of natural gas. Contrary to expectations of production declines because of a reduction in drilling activity last year, domestic production remains strong. Production from unconventional gas fields, such as the Marcellus Shale in the Northeast/Appalachia region and the

Haynesville Shale in Louisiana, is growing steadily.

Bond Rates and Obamacare.

Not many people noticed amid the Democrats' struggle to jam their health-care bill through the House, but in recent weeks U.S. Treasury [bonds](#) have lost their status as the world's safest investment.

The numbers are pretty clear. In February, Bloomberg News reports, Berkshire Hathaway sold two-year bonds with an interest rate lower than that on two-year Treasuries. A company run by a 79-year-old investor is a better [credit](#) risk, the markets are telling us, than the U.S. government.

The Silent Entitlements Monster looms closer than we think.

There is a [silent monster](#) that looms menacingly over U.S. government finances. Every politician knows about it, but very few of them ever want to talk about it. This silent monster grows larger every year, and yet nobody seems to know quite what to do about it. Those who have closely analyzed this monster all seem to agree that one day it will create a financial tsunami of a magnitude that is absolutely unprecedented, but there is vast disagreement about how to escape this financial tsunami or if it is even possible to escape it.

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Regards,
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