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The  
**PRACTICAL INVESTOR, LLC**  
A State Registered Investment Advisor



## Weekly Market Digest April 16, 2010

### **Ash cloud blankets Europe, causing air travel chaos.**

Europe's [air-travel chaos](#) worsened as the ash cloud from an Icelandic [volcano](#) spread as far east as Moscow, cutting off parts of Britain, France and Germany and threatening weekend travel.

As many as 15,000 flights may be lost in the region today, or about half the usual timetable, according to Brian Flynn, operations chief at Eurocontrol, which oversees the region's flight paths. That's up from 8,000 cancellations yesterday.

### **SEC sues Goldman Sachs for fraud.**

[Goldman Sachs Group Inc.](#) was [sued by U.S. regulators for fraud](#) tied to collateralized debt obligations that contributed to the worst financial crisis since the Great Depression. The firm's shares tumbled as much as 16 percent and financial stocks slumped.

Goldman Sachs misstated and omitted key facts about a financial product tied to subprime mortgages as the U.S. housing market was starting to falter, the Securities and Exchange Commission said in a statement today. The SEC also sued [Fabrice Tourre](#), a Goldman Sachs vice president.

### **Senator Ted Kaufman Comments On Goldman SEC Charge**

*"We can have only [one justice system](#) in this country for both the rich and powerful and those who are not. I'm not prejudging the merits of this action, but if we don't treat Wall Street firms that have allegedly defrauded investors of millions of dollars with the same gravity as we treat all others, why would our citizens have faith in the rule of law?"*

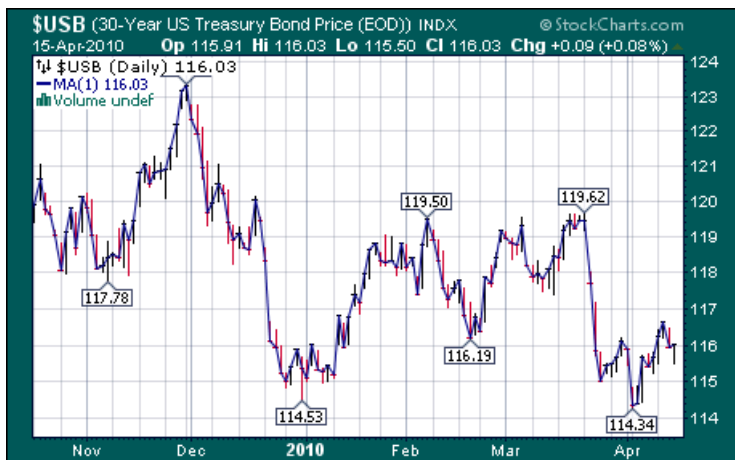
## LittleThe S&P 500 hits its target, reverses.



-- [George Soros](#), speaking at a meeting organized by The Economist, warns all those who are throwing their money into the equity pit, that "the financial world is on the wrong track and that we may be hurtling towards an even bigger boom and bust than in the credit crisis." Reuters [reports that Soros](#) said "the same strategy of borrowing and spending that had got us out of the Asian crisis could shunt us towards another crisis

unless tough lessons are learned." We hope all those who are buying stocks have very tight stop loss triggers.

## Who will buy Treasury bonds now?



--China has cut its massive US [Treasury bond holdings](#) to the lowest level in at least nine months, data showed Thursday as Beijing resisted persistent US pressure to revalue its currency. Beijing sliced its holdings to 877.5 billion dollars in February, down 11.5 billion dollars from January, but remained the top holder of American government debt, according to the Treasury Department's latest figures on international capital flows.

## Break-out or fake-out in gold?



-- [Gold fell](#) the most in two months as a stronger dollar reduced demand for the precious metal as an alternative asset. Gold gained 24 percent in 2009 as the dollar fell 4.2 percent against the basket. "There's considerable strength in the dollar," said Kevin Davitt, a senior market analyst at LaSalle Futures Group in Chicago. "You're seeing the risk-aversion currencies up and that typically puts pressure on the metals."

## Nikkei has its first weekly decline.



-- Japan's [Nikkei average](#) lost 1.5 percent on Friday, putting in its lowest close in nearly three weeks, with sentiment hit after Google's ([GOOG.O](#)) results did not live up to high expectations and as a stronger yen set off profit-taking. "There have been really high expectations for corporate results and so this increases the chances for disappointment," said Hiroaki Osakabe, a fund manager at Chibagin Asset Management.

## China no longer has a trade surplus.



-- [China stocks fell](#) in Asia on Friday sending the Hang Seng Index and the Shanghai Composite Index into the red for the week. The Hang Seng Index fell -292.6 points or -1.3% while the Shanghai Composite Index tumbled -34.66 points or -1.1%. Chinese investors sidelined positive earnings from the U.S. and focused on fiscal tightening measures, steps that the Chinese government is going to take to cool the economy.

## The U.S. Dollar rallies from support.



-- The dollar rallied today, which dampened enthusiasm for the Euro and commodities. The dollar fell back this week in an important cyclical low, despite euro-zone leaders finding difficulty agreeing on a standby aid program for Greece in conjunction with the International Monetary Fund. The dollar is headed toward a weekly gain as concerns about the euro-zone's ability to solve its problems and the impact of the [volcanic eruption](#) in Iceland heighten the

appeal of the greenback to investors.

## March foreclosures surge to 367,056, a record 19% jump from February.



-- [RealtyTrac](#) reports: "Foreclosure filings were reported on 367,056 properties in March, an increase of nearly 19 percent from the previous month, an increase of nearly 8 percent from March 2009 and the highest monthly total since RealtyTrac began issuing its report in January 2005." Of course, those foreclosed upon have likely figured out ways to continue squatting in their house so they don't have to pay mortgage *and* rent. Nothing beats

living for free in America, especially in a 2,000 sq. foot average home.

## Gasoline prices still climbing.



The Energy Information Agency [weekly report](#) observes, "The U.S. average price for regular gasoline increased three cents to \$2.86 per gallon, \$0.81 above last year at this time. Prices rose in all major regions of the country, with the increases ranging from two cents to four cents per gallon."

## Natural Gas prices follow lower consumption.



--The Energy Information Agency's [Natural Gas Weekly Update](#) reports, "While natural gas spot prices inched lower at a number of market locations, prices at the majority of points in the lower 48 States increased since last Wednesday, April 7. Overall, spot prices in the lower 48 States varied between a 3-percent increase and a 3-percent decrease on the week. The Henry Hub spot price ended the report week yesterday, April 14, 7 cents higher

than the preceding week, at \$4.15 per million Btu.”

### **GOP Leader Calls Goldman "Obama's Top Wall Street Ally".**

“These are [very serious charges](#) against a key supporter of President Obama’s bill to create a permanent Wall Street bailout fund. Despite President Obama’s rhetoric, his permanent bailout bill gives Goldman Sachs and other big Wall Street banks a permanent, taxpayer-funded safety net by designating them ‘too big to fail.’ Just whose side is President Obama on?

“Instead of permanent bailouts for President Obama’s Wall Street allies, Republicans believe the best way to protect taxpayers is by reforming Fannie Mae and Freddie Mac, the government-sponsored companies that sparked the meltdown by giving high-risk loans to people who couldn’t afford it.”

### **Mish rants against a lack of ethics on Wall Street.**

Goldman Sachs, which emerged relatively unscathed from the financial crisis, was accused of securities fraud in a civil suit filed Friday by the Securities and Exchange Commission, which claims the bank created and sold a mortgage investment that was secretly devised to fail.

The move marks the first time that regulators have taken action against a Wall Street deal that helped investors capitalize on the collapse of the housing market. Goldman itself profited by [betting against](#) the very mortgage investments that it sold to its customers.

### **Traders alert:**

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Regards,  
Anthony M. Cherniawski, Manager

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