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Consumers are saving more, spending less.

[Personal income](#) increased \$54.4 billion, or 0.4 percent, and disposable personal income (DPI) increased \$57.6 billion, or 0.5 percent, in April, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$4.0 billion, or less than 0.1 percent. In March, personal income increased \$46.7 billion, or 0.4 percent, DPI increased \$44.1 billion, or 0.4 percent, and PCE increased \$59.8 billion, or 0.6 percent, based on revised estimates.

Could saving be the new virtue?

BP Well May Have Leaked More Than Twice Exxon Valdez.

BP Plc's Gulf of Mexico oil well may have spilled [more than twice the oil](#) that the Exxon Valdez dumped, according to figures from a U.S. government panel. The BP well may have gushed 12,000 to 19,000 barrels a day, more than the company has estimated, Marcia McNutt, director of the U.S. Geological Survey and science adviser to Interior Secretary **Ken Salazar**, said today in a conference call.

From April 22, when the Deepwater Horizon drilling rig sank, through yesterday, and based on the midpoint of McNutt's calculations, the well may have leaked about 527,000 barrels, more than double the Exxon Valdez's 257,000-barrel spill.

ICI reports mutual fund holders leaving in droves.

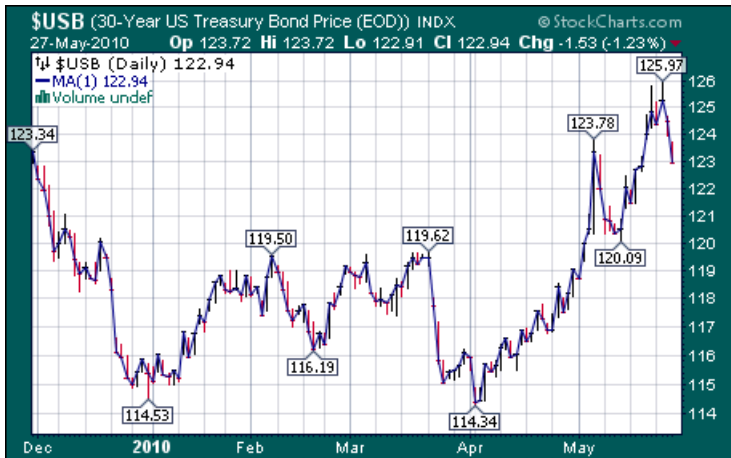
[Investment Company Institute](#) reports some very large outflows of cash from all mutual funds. The most striking is the outflow from domestic equity funds...almost \$4.8 billion last week alone.

Sell in May and go away...is it too late?



--You could practically hear the sigh of relief as the market rallied back from its Tuesday morning lows. Unfortunately, this week's action in the S&P 500 Index simply confirms the decline as bearish and indicated there is more to go. You may wish to visit our [YouTube Channel](#) to get the latest technical information on our expectations for this decline. In the Words of Richard Russell, *"The fun is over."*

Treasury bonds have pulled back during stock rally.



- You can almost see the money heading out of stocks into bonds and back again. This is often referred to as "market rotation" as investors look for a friendly place for their money. Those considering buying the long bond should remember that it is not a permanent resting place for investor cash, as the target for \$USB may be near 130.00. Once the target is reached, the uptrend may be over.

Gold has bounced on its trendline.



-- Gold appears to be heading higher as its trendline may have provided support for a further rally. The pattern for gold appears to be a Broadening Wedge, which is considered by many to be a topping pattern. The unfortunate problem is that the wild and volatile swings serve as an "emotional hook" for those who own gold. After each swing investors steel their resolve to

"stay in, no matter what." That is not a good idea at the top.

Nikkei reverses at bear market levels.



dropped 0.2 percent this week.

China stocks are down over 20%.



-- [Japanese stocks](#) rose, sending the Nikkei 225 Stock Average to its biggest gain in two weeks, after shares surged in Europe and the U.S. on China's pledge to invest in the euro zone and as the yen weakened. The **Nikkei 225 Stock Average** rose 1.3 percent to 9,762.98 at the close in Tokyo after gaining as much as 1.9 percent. The broader Topix climbed 1 percent to 878.52, with more than three times as many shares advancing as decreasing. The Nikkei 225

-- [Chinese stocks](#) dropped, narrowing the biggest weekly gain in almost two months, as property developers retreated on concern government measures to rein in property speculation will hurt earnings. The **Shanghai Composite Index**, which tracks the bigger of China's stock exchanges, fell 0.15, or less than 0.1 percent, to 2,655.77 at the close after changing directions about 10 times.

The dollar gets ready for its next big move.



-- This week, the National Debt Clock in New York passed the \$13 trillion mark. The US debt problem is complicated by America's aging population. A recent study suggests the federal government will have to make sharp cuts in spending and services to reduce its debt-to-GDP ratio. [Click here](#) to get the National Debt Clock in real time.

Our grandchildren might just make it...we might not.



Are you worried that we are [passing our debt](#) on to future generations? Well, you need not worry. Before this recession it appeared that absent action, the government's long-term commitments would become a problem in a few decades. I believe the government response to the recession has created budgetary stress sufficient to bring about the crisis much sooner. Our generation — not our grandchildren's — will have to deal with the consequences.

Ultra-deep water drilling's role.



The Energy Information Agency [weekly report](#) observes, "The oil spill following the April 20 explosion aboard the Deepwater Horizon drilling rig and its subsequent loss, has focused public attention on ultra-deepwater production and its role in the overall supply mix. The ultra-deepwater (water depth of at least 5,000 feet) portion of the Gulf of Mexico Federal Offshore (GOM Fed) has been growing as a domestic source of crude oil over the last few

years, both for production and proved reserves, but it remains a relatively small source of natural gas."

Natural Gas prices seeing downward pressure.



--. The [U.S. Energy Information Administration](#) reports, "Strong domestic production this week continued putting downward pressure on prices, which is likely contributing to lower imports of natural gas. Contrary to expectations of production declines because of a reduction in drilling activity last year, domestic marketed production remains strong at over 60 Bcf per day, according to estimates from BENTEK Energy Services, LLC."

This is not “It’s a Wonderful Life.”

They arrived one day in November as Santa Ana winds pounded downtown Redlands. The dozen or so men and women walked into the red-brick headquarters of 1st Centennial Bank on State Street, then marched up the stairs to the executive offices.

Jeff Blake, a senior vice president of the bank, knew this couldn't be good. The tellers downstairs might have thought the visitors were part of the parade of potential buyers who had been kicking the tires on the troubled bank for months now. Blake knew better. [They were bank examiners](#), showing up unannounced.

Tim Geithner on “Sustaining the unsustainable.”

Treasury Secretary Tim Geithner had me laughing out loud over his statement yesterday in Beijing where he took part in the two-day U.S.-China Strategic and Economic Dialogue.

"European leaders face the difficult challenge of trying to restore sustainability to an unsustainable system."

Yes Tim, that challenge would indeed be "difficult", in fact, impossible by definition. It is a contradiction in terms and thus logically impossible to suggest it is possible to "sustain the unsustainable". Geithner needs math lessons or logic lessons, most likely both.

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Regards,
Anthony M. Cherniawski, Manager

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