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The employment situation suggests an improvement.

The [unemployment rate](#) edged down to 10.0 percent in November, and nonfarm payroll employment was essentially unchanged (-11,000), the U.S. Bureau of Labor Statistics reported today. In the prior 3 months, payroll job losses had averaged 135,000 a month. In November, employment fell in construction, manufacturing, and information, while temporary help services and health care added jobs.

The [CES Birth/Death Model](#) added 30,000 “fictitious” jobs to the statistics in November. So far, this device has added 1,179,000 hypothetical jobs to the workforce since January. The BLS is the most politicized agency in existence, so it is not surprising to see the numbers improving over the Holiday Season. In January there may be a very large statistical “dump” as the BLS adjusts the numbers closer to reality.

There are bloggers who analyze the data and tell us how statistics can be used to hide or augment important data. You may wish to check in on what [Mish](#) has to say.

Ben Bernanke gets an earful at his Senate confirmation hearing.

-Alan Greenspan refused to look for bubbles or to do anything other than create them. Likewise it is clear from your statements over the last four years that you failed to spot the housing bubble despite many warnings.

-Under your watch every one of the major banks failed or would have failed had you not bailed them out.

-After taking over the Fed you did not see any need for more substantial regulation of derivatives until it was clear that they were headed into the financial meltdown thanks in part to those products. (Click [here](#) to read or view the full transcript!)

The market is losing traction on the lack of fundamentals.



-- Stocks struggled to hang onto gains Friday as surprisingly strong jobs data boosted the dollar, hurting industrial commodities and shares of raw-materials producers. Broad measures of the market posted solid gains in the morning but recently hovered just above the flatline. It also underscored the importance of a dynamic in the rally that has recently driven the market to annual highs, with traders often increasing or decreasing their exposure to stocks

based primarily on the cost of money rather than the economy's fundamentals.

Treasury bonds don't like the "good news," either.



-- Treasury [prices dropped](#) even more on Friday, pushing 2-year yields up by the most since July, after the Labor Department said the economy lost 11,000 jobs in November, far less than economists predicted and feeding expectations that the U.S. economy is on the mend.

The bond vigilantes don't like the idea of a recovery, since it also suggests more inflation, which eroded bond values. Therefore, bond

prices drop to increase the yield, compensating for higher inflation.

Gold sells off today.



-- [Gold fell](#) for the first time this week (not shown in chart), heading for the biggest drop in a year, as a rising dollar spurred some investors to sell bullion on the heels of a rally to a record.

“So many people have piled into gold, so this pop in the dollar is freaking people out,” said **Matt Zeman**, a metals trader at LaSalle Futures Group Inc. in Chicago. “The dollar is rocking and gold is getting its teeth kicked in.”

The Japanese market cannot sustain this rally.



-- Most Japanese **stocks** fell, as an unexpected contraction in U.S. service industries raised concern the economic recovery is fragile. Japan's main equity benchmarks both climbed every day this week, swelling the average price of companies in the Topix to 37 times estimated **earnings**, compared with 17 times for the Standard & Poor's 500 Index in the U.S. and 16 times for the Dow Jones Stoxx 600 Index in Europe.

The Shanghai index recovers prior losses.



-- The **Shanghai Composite Index** gained 52.42, or 1.6 percent, to 3,317.04 at the close, while more than three stocks retreated for each that rose. The gauge rallied 7.1 percent this week, erasing last week's 6.4 percent slump that was sparked by concern lenders will sell shares to replenish capital. The market has been plagued by banks selling stocks to raise cash, which dilutes existing investor capital. Investors are also cautious

about the direction of government policy on the economy, which might pull the rug out from the recovery.

The dollar rises from the bottom.



The **dollar rose** the most since June against the currencies of major U.S. trading partners as the payrolls report encouraged traders to boost bets on Federal Reserve rate increases.

The gauge has fallen about 19 percent from a three-year high reached in March, dropping on speculation that the Fed would be slow in raising borrowing costs.

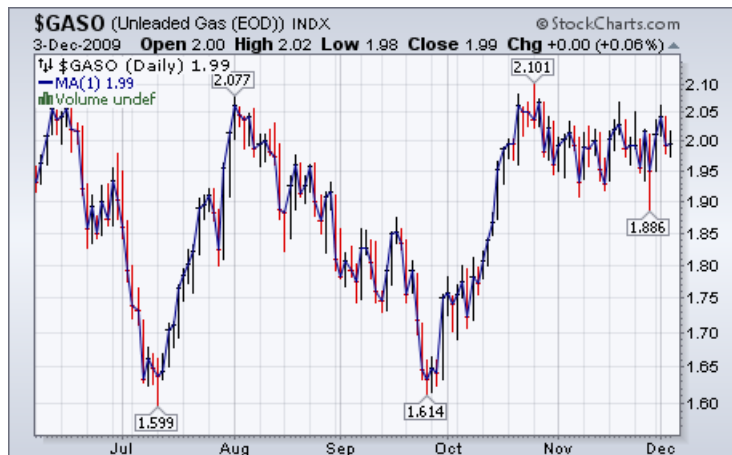
Futures on the Chicago Board of Trade showed a 53 percent chance that the Fed will raise the target lending rate by at least a quarter-percentage point by the June meeting, up from 43 percent yesterday. A week ago the likelihood was 31 percent.

The Housing Crash is not over.



rest of the world.

Refinery capacity has grown.



thousand barrels per day (Mbb/d) over this period, equivalent to adding one and a half average-sized refineries each year.”

Higher NatGas prices not showing in the futures market.



-- Mark Zandi, chief economist at Moody's Economy.com in West Chester, Pennsylvania, said in an interview with Reuter's home prices will [resume their decline](#) by early next year as foreclosure sales pick up again. "The housing crash is not over," he said. The U.S. housing market has suffered the worst downturn since the Great Depression, and its impact has rippled through the recession-hit economy as well as the

The Energy Information Agency [weekly report](#) suggests, "No major new refineries have been built in the United States since the 1970s, but that does not mean that U.S. refinery capacity has not grown. Refiners can increase capacity at existing sites by modifying equipment to increase product flow and by adding new distillation units. Consequently, total U.S. refining capacity increased by 14 percent, with the average annual capacity increase of about 185

The Energy Information Agency's [Natural Gas Weekly Update](#) reports, "Price decreases leading up to Thanksgiving reflected the usual decrease in demand that generally occurs during a holiday week. A decrease in industrial demand and milder-than-normal temperatures in some areas of the country also drove price declines. According to Bentek Energy, LLC, total U.S. demand dipped during the Thanksgiving holiday and demand in all regions

was lower than the week prior. Demand for natural gas has been slow to recover, although the onset of colder weather may spur some space-heating demand in the coming days.”

A link between TB and austerity measures from the IMF?

The Ukraine Government has [declared a state of emergency](#) and medical examiners describe results of autopsies on dead patients in chilling terms that recall the Black Death descriptions from the Fourteenth Century in Venice. While everyone is calling it “Swine Flu” and the WHO using it to spread their panic and untested vaccines, there is strong evidence that the deaths—almost all from pulmonary conditions—are from a rising incidence of Tuberculosis (TB). Now a Cambridge University study shows that there is a close correlation between rise in TB and the severe austerity measures that go with IMF loans. Are the Ukraine ‘Black Death’ cases the result of Ukraine’s IMF loans?

This time is not different.

Dr. Ken Rogoff and Carmen Reinhart claim that historic studies of [debt driven financial crisis](#) suggests we’ve got a long way to go before many of the global economic problems are resolved. In their new book “[This Time Is Different](#)” they note banking crises that are driven by excess debt, like the one we’re in, tend to stick around for years.

On December 4, 1930...

Market wrap: [Note: Major banking crisis is in process of erupting.] **Comptroller of the Currency J. Pole** says general banking situation hasn't changed much in past year; metropolitan banks generally not a problem, but country banks having a difficult time in some cases.

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Regards,

Anthony M. Cherniawski, Manager

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