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Your guide to understanding  
today's economy and  
financial markets

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# The Movie Piece

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One of the painful realities of life as an economist and professional speaker is that the subject matter of economics is typically viewed (with good reason!) by the general public as confusing, intimidating, and boring. As a result, trying to present weekly economic and financial information with an unusual twist can occasionally be a most welcome change.

Warning!! This week's *Tea Leaf* is my semi-annual economic, financial, and political update...using today's current movie titles. My sincere apology in advance to anyone I might offend.

## The American Economy

As summer unfolds we find the American economy groping for growth, with consumers seeking **THE FALL** of gasoline and food costs. Home values on **BRICK LANE** continue to weaken in many communities, with the constant media negativity regarding housing only making matters worse. Many Americans now embrace **GARDEN PARTY**(s) as a means of minimizing overall food costs.

## The Global Economy

Numerous commercial banks and investment firms, as well as thousands of investors around the globe, wish they could hit that mythical **BE KIND REWIND** button just once, and rethink their involvement and investment into sub-prime mortgage-backed securities. Today's **VANTAGE POINT** of 20/20 hindsight does demonstrate—one more time—that high investment returns (or yields) directly relate to high levels of risk...

...always have...always will

China, feared as the **MONGOL** by many, while others see a cuddly **KUNG FU PANDA**, continues its progression into being a major global economic player. The other "BRIC" nations of Brazil, Russia, and India continue their own steps toward further global prominence. Meanwhile, **THE INCREDIBLE HULK** (the U.S.) frequently rues its position as global police officer.

## Housing

Excessive home price gains during 2003 to 2006 in many communities are now engaged in a **SPEED RACER** move in the other direction. Excessive appreciation in four states...Arizona, California, Florida, and Nevada...now account for much of the rise in delinquencies and foreclosures...

...WHAT HAPPENS IN VEGAS...

**The Federal Reserve** (which left policy unchanged at today's FOMC meeting) **IRON MAN** Ben Bernanke, Chair of the Federal Reserve, will continue to **SHINE A LIGHT** on what might be appropriate monetary policy. The Fed long ago dropped **STANDARD OPERATING PROCEDURE** to address **THE WACK(i)NESS** of truly bizarre financial markets as they **JUMP(ER)** from one emotional extreme to another.

## The Stock Market

**WALL(-E)** Street players ponder the meaning of life as stocks move aimlessly, impacted at times by fears of what **THE STRANGERS** (the Democrat-controlled Congress) and a new President might do in regard to less-than-investment-friendly changes to tax policy.

## Iraq

Many American military personnel seek a **MADE OF HONOR** withdrawal from Iraq and Afghanistan sooner rather than later. Other military leaders **REPRISE** in a **NOTE BY NOTE** approach what has been effective in prior conflicts, and consider whether **THE FOOT FIST WAY** is the best approach to eventual success.

## Election Season

Presumed presidential candidates Democrat Barack Obama and Republican John McCain continue **GUNNIN' FOR THAT #1 SPOT** in November. They seek **THE PROMOTION** to be **THE LOVE GURU**...one who can end the bitterness and divisiveness of recent years and unite Americans in a common purpose to make our lives better.

Barack Obama will engage in frequent **COLLEGE ROAD TRIP(s)** in coming months to strengthen his ties with younger voters. John McCain, who if victorious would be the oldest person ever to assume the Presidency (at age 72), as well as the first known survivor of cancer to be elected, continues to act **YOUNG@HEART** on the campaign trail. Perhaps having his 94-year-old mother...as well as her twin sister...campaign with him will alleviate some of the age concerns.

Both candidates will focus in coming weeks on the vice presidential component of their ticket as they approach **THE HAPPENING. HANCOCK? TRUMBO? PLANET B-BOY? SON OF RAMBO?** Many potential running mates will be up for consideration.

Other candidates around the nation will host **MEET DAVE** and meet **KIT KITTREDGE: AN AMERICAN GIRL** events to warm the hearts of voters in their respective legislative districts.

## Oil Exploration

**GONZO** oil prices have fueled a global search for new sources of energy, with **NIM'S ISLAND** and **THE FORBIDDEN KINGDOM** now being explored. New technological advancements allow us to do more and more with less and less environmental degradation.

Hopefully, **PRINCE CASPIAN** and other members of oil royalty will increase oil flows to soon bring prices lower. Before long, a **JOURNEY TO THE CENTER OF THE EARTH** might be considered by **DRILLBIT TAYLOR** and other energy explorers.

Harrison Ford's next movie? How 'bout **INDIANA JONES AND THE EXHAUSTIVE SEARCH FOR OIL?**

...or perhaps **INDIANA JONES AND HORTON HEARS A WHO** (sorry)

## The Congress

Maybe someday we will **GET SMART** about American oil independence.

**WANTED**...a handful of eastern Democratic Senators (who have staunchly opposed new exploration) to see the need for enhanced energy exploration and production on and near U.S. soil.

**WANTED**...a Manhattan Project-style national commitment to greater energy conservation, increased use of alternative sources of energy, and greater utilization of clean-burn technology in coal and safe nuclear power...

...the value...**PRICELESS**



## "TEA"ser

Barack Obama asked Democrats this week to help Hillary Clinton pay off her \$22 million campaign debt, including \$12 million she lent the campaign herself.

Times are tough. I guess that \$109 million that Bill and Hillary earned over the past seven years just doesn't stretch as far as it used to.



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