



...weekly since 1976

Your guide to understanding
today's economy and
financial markets

July 1, 2009

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500 Days of Summer

Written by Jeff Thredgold, CSP, President, Thredgold Economic Associates

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 Recession

So here we are as summer is finally upon us, finding ourselves at **YEAR ONE**-and-a-half of the longest, most serious, and most painful U.S. recession since the Great Depression. **THE HANGOVER** from weak home prices, six million lost jobs, and enormous government spending makes many of us wish we were **17 AGAIN**, with few cares in the world while enjoying a **DANCE FLICK** or a **NIGHT AT THE MUSEUM**.

Job Losses

Too much economic **BLOOD** in the streets is found across America, with 12 states now recording double-digit unemployment rates. **THE HURT LOCKER** of broken dreams is all too full.

Millions of people struggle with the **ANGELS & DEMONS** of where their lives go from here. **MY LIFE IN RUINS** stories are routinely told by all too many.

Ponzi Schemer

Bernie Madoff's victims are part of this pained list as well. Madoff, according to himself, worked as **THE SOLOIST** in the largest Ponzi scheme on record, with billions of dollars in investor losses. He managed to keep inept government regulators at bay for many, many years as he dealt with the **MONSTERS VS. ALIENS** battling within his own mind.

Too many investors got caught in the **EASY VIRTUE** of consistently reported and paid double-digit investment returns...in both good markets and bad. Such investors took little comfort on June 29 from his admission in court that he had made "an error in judgment." Now there's an understatement. Some will take only modest **SALVATION** in seeing him spend his remaining years behind bars.

Obamanomics

The new Administration continues its **FAST & FURIOUS** assault upon the private sector, with the **PUBLIC ENEMIES** of health care insurers and energy companies firmly in its sights.

The **TRANSFORMERS** inside the Beltway will soon embrace **THE PROPOSAL** to bring more and more of the nation's health care system under governmental control. We seriously wish them well, as health care costs have risen too quickly. However, the phrase

“We’re from the federal government and we’re here to help you” still scares many of us to death.

Many hope that the medical role of **MY SISTER’S KEEPER** in the future won’t be determined within a rationed health care system by some faceless government bureaucrat...the direction now followed in too many of the **EARTH**’s nationalized health care systems.

The U.S. Military

American soldiers just completed their scheduled withdrawal from major metropolitan areas in Iraq, including Baghdad. Iraqi security forces now control the major cities within that country, where **LIFE IS HOT**.

Any modest **AWAY WE GO** euphoria, however, is tempered by the American military buildup in a **LION’S DEN** known as Afghanistan. American soldiers, including **G.I. JOE**, will attempt to strengthen their understanding of **LOCAL COLOR** and customs so as to boost their success against the Taliban and Al Qaeda. These groups remain **OBSESSED** with our destruction and their return to an **ICE AGE**-style domination of other people’s lives.

The Federal Reserve

Fed Chairman Ben Bernanke continues his focused **SURVEILLANCE** of the nation’s economy, including the **QUIET CHAOS** at times within the nation’s financial markets. His supporters will avidly seek his reappointment as Federal Reserve Chair by the President when Bernanke’s term expires in January 2010.

Bernanke’s critics see the **ORIGINS** of the **GHOSTS OF (INFLATION) PAST** in his extremely aggressive monetary policy and fear a **DRAG ME TO HELL** future of much higher inflation pressures. Others wonder **(WHICH) MOUNTAIN** will have to be climbed in coming years...that of facing inflation OR deflation.

U.S. Economic Recovery

Better News? **THE STATE OF PLAY** of the American economy is now in transition from the **LAND OF THE LOST** to one where a return to modest economic growth is expected. Such imminent growth does not suggest that serious issues regarding residential housing, commercial real estate, more job losses or shaky consumer confidence will be behind us.

However, a sense of **KNOWING** (or hoping) that the economy’s next widely expected direction is **UP** will help us feel better. We will get through this.

IMAGINE THAT!



“TEA”ser

Cats are intended to teach us that not everything in nature has a function.

—Garrison Keillor



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