



...weekly since 1976

Your guide to understanding
today's economy and
financial markets

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Eat Pray Love

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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 November Elections

With summer's arrival, we find political supporters of both major parties working **KNIGHT AND DAY**. They hope to be victorious on that **DATE NIGHT** in early November when the opposition...**THE OTHER GUYS** (and women)...hopefully sing **THE LAST SONG** and are banished **FOREVER AFTER** from political life. Between now and then, candidates and their supporters will fight like **CATS AND DOGS** for our support.

President Obama and Taxes

In the nation's capital, the **SOLITARY MAN** and **THE A-TEAM** will continue to play the role of **ROBIN HOOD**. Their tax plans for next year focus on taking from the rich (higher income tax rates, higher dividend tax rates, higher capital gains tax rates, plus a few more new taxes)...and, well, you know the rest of the story.

These moves, and other job **KILLERS**, will continue to emerge from an Administration too focused on income redistribution, rather than incentives for new income creation. What **A PIECE OF WORK!**

Meanwhile, the **DEATH AT A FUNERAL** tax (the estate tax) will be hotly debated in coming months. A compromise on the tax rate and the amount exempt from taxation seems likely.

The Congress

Democratic Congressional leaders, unnerved by extremely low voter approval ratings, fear a major voter backlash in November. Perhaps their inability to act like **GROWN UPS** when conducting the nation's business has largely contributed to this view. Regarding voter frustration, they fear that **THE SECRET IN THEIR EYES** could mean **THE TWILIGHT SAGA** of numerous long-term careers.

The Federal Reserve

THE SORCERER'S APPRENTICE and the other **GREAT DIRECTORS** of the Federal Reserve remain on the sidelines, a position they have maintained for the past more than 18 months. Ongoing global investor anxiety suggests record low short-term interest rates could be long in the **DOGTOOTH** before they begin to rise modestly, perhaps around mid-2011.

The Global Economy

Given the **GREECE SING-A-LONG** of numerous other countries with highly challenged national (sovereign) debt levels, the **CLASH OF THE TITANS** between national politicians across the globe and global investors will remain front page news. Anyone with a great idea as to how to solve the sovereign debt situation? Quick! **GET HIM TO THE GREEKS** (sorry).

War in Afghanistan

The replacement of Afghan commander General Stanley McCrystal with **IRON MAN 2**...General David Petraeus...is underway. Here's wishing General Petraeus greater success versus the **PREDATORS** of terror in what has become America's longest war (now 104 months), surpassing the previous 103-month record in Vietnam.

BP and the Oil Disaster

Each day finds us more and more fed up with the inability of BP to slow or stop the massive flow of oil into the Gulf of Mexico. We wonder why some effective type of **SPLICE** can't be employed to stop the flow.

Gulf residents fear the disaster will be with them over **THE SANDS OF TIME**. Others also fear the **OCEANS** and the **WILD GRASS** will be polluted for years to come. All fear the lack of a viable **BACK-UP PLAN** if the two relief wells now being drilled don't provide **RESTREPO** (relief) as planned in August

BP and its CEO

BP's embattled CEO Tony Hayward seems to have performed one of **THE LAST AIRBENDER**(s) of his business career, at least where it concerns the Gulf region. His numerous blunders, weak Congressional testimony, and self-focused remarks placed the company in an even worse light.

His recent return to the United Kingdom to see his fancy yacht in a race seemed to pour **SALT** in the Gulf wound and was **DESPICABLE** to many. Perhaps he can now "get his life back" as he wished...something hundreds of thousands of people in the Gulf would appreciate as well.

PLEASE GIVE thought to visiting the unspoiled beaches and inland areas within the Gulf region. These people need our help...and dollars...and **EXIT THROUGH THE GIFT SHOP** on your way back home.



"TEA"ser

I went to a bookstore and asked the saleswoman "Where's the self-help section?"

She said if she told me, it would defeat the purpose.



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