

>: Capitalism gone wild...

Monday, January 15, 2007 / Jason Jovine

Before I get started, I would like to wish all of you a very happy and healthy Martin Luther King, Jr. Day. I know that all of you good people are going to take the day off and reflect on how this man impacted your lives.

Moving right along....

I decided that I had to write this article because capitalism in the U.S. has become so annoying that I need to vent about it. It has gotten to the point where I can't even go to the bathroom, anymore, without some annoying retard standing there waiting for me to finish so that he can offer me a towel to wipe my wet hands (I do wash them, you know) or a mint for my breath or something. It is getting out of control, and it's happening so subtly that most of us aren't even paying attention to it.

When I go to Starbucks and many other establishments, they have their tip jars out, expecting us to tip them for simply doing their jobs. Do you all remember the good old days when you gave a person a tip because they provided excellent service?

Everything costs money nowadays. Everybody has his hand out. Capitalism has totally gone wild!

The cause....

Look, I could go on and on about how businesses have carte blanche in our society. Businesses RUN OUR COUNTRY, folks. They get away with murder, literally. Shouldn't it be illegal to smoke? How can the government allow poison to be sold to its people?

Drug companies exercise major control over the FDA. They get their drugs approved knowing that there will be problems discovered down the road, but they look at peoples' lives like they're just business decisions. They do a cost/benefit analysis of the situation before the drug comes to market, and they know that when they get sued for their bogus drug that it will still cost less than the revenue that they made from the sales of that drug (e.g. Seldane, fen-phen, etc.) so it is still profitable.

They even sold out the kids. In schools, they have soda and snack machines that get the children hyper and moody, and then they tell the counselors and teachers that these kids need drugs to calm them down (e.g. Prozac, Ritalin.) Don't they have a great racket going?

If you want to change the kids' diet and don't believe that they should take these prescriptions, then you are considered a bad parent because you are not doing what they want you to do. They have a word for it, folks; it's called 'neglect'.

Are you really the one who is guilty of neglect?

What about the oil companies? George Bush gave them a multi-billion dollar tax credit not so long ago. Did they really need it? Don't they make enough money already?

He claims that we are fighting a war on terror. If we are really in a war on terror, then why are we buying oil from the terrorists? We are the ones funding the terrorists. Why don't we do what Brazil has done? Brazilians use very little fossil fuel, if any. We have about a 13 trillion dollar economy. Why can't we?

We can't because the military companies and the oil companies have too much power. There is too much money involved. If we completely stopped buying oil from the Middle East, then they wouldn't have the money to purchase their so-called "weapons of mass destruction".

What about the credit card companies? The Bush administration passed a bankruptcy law a couple of years ago that makes it harder for the people who need a fresh start to get one. This was a gift to the credit card companies.

Now, let me ask you something. If, God forbid, you got seriously ill and fell on some really hard times and racked up hundreds of thousands of dollars in debt, and and you couldn't eliminate it, rather you would be paying it back for the rest of your sick life, how would you feel? Ladies and gentleman, this is happening every day. What's next - debtors' prison?

Ladies and gentlemen, whether it is Ultimate Fighting (UFC) on television where they show people beating the hell out of each other or the other above examples, capitalism has gone wild! If you are not paying attention, you may wake up one day and say, "What the hell happened to this country of ours?"

I know that I will get some love and hate mail about this article: I expect it. All I ask is that if you criticize me, just make it constructive. Fair enough?

Don't get me wrong, capitalism works because people are intrinsically selfish by nature, and capitalism rewards selfish and sometimes deviant

behavior instead of cooperation with one another. I will just say that ANY extreme, whether it is our version of capitalism or North Korea's version of socialism, is not good, and we are headed towards capitalism version 2.0, and fast.

Could this be one of the reasons that the Middle East is so frightened about our exporting our values to them?

Until the next time, folks, spend your hard earned money wisely.

P.S. Thanks to those of you who took time out of your busy lives and gave me such WONDERFUL AND SUPPORTIVE feedback on my article from last week. I read the feedback, and it means A LOT TO ME!! You guys are, hands down, THE BEST!!



Jason Jovine
Chief Investment Officer

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MARK YOUR ECONOMIC CALENDAR ? What's ahead for the week of January 15th.

Wednesday, January 17th, 2007

8:30 PPI: Consensus 0.6%

Big Picture: September 2005 PPI growth of 6.9% yoy stood at a 15 year high but has dropped sharply to just 0.9% yoy. The core stands at 1.8% yoy from July 2005's decade high of 2.8%. The stronger pipeline pressures of the last year have only partially fed in to finished goods as the rise (and now decline) in energy prices provides the volatility. The directional trends have turned toward lower yoy growth for the intermediate and finished goods core measures as core crude goods prices reached a multidecade high in July which has fallen off quickly.

8:30 Core PPI: Consensus 0.1%

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9:15 Industrial Production : Consensus 0.1%

Big Picture: Industrial production stands at 3.8% yoy growth as the pace is slowing with lower vehicle and construction related output. The annual growth is tied to business capital investment which brought strong and sustained growth in factory orders and production but has fallen off in recent months. Weaker business confidence in the economy is creating the slowing in capital investment. Capacity use stands at 81.8% -- now falling below the level historically consistent with inflation pressures.

9:15 Capacity Utilization : Consensus 81.8%

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Thursday, January 18th, 2007

8:30 CPI: Consensus 0.5%

Big Picture: The core rate of consumer inflation reached a decade high of 2.9% yoy in September before easing off to 2.6% yoy in November. With economic growth fading further core price declines may be more rapid than earlier expected. However, the sticky prices for shelter and medicine and tuition will remain firm. Energy prices have provided the drop in overall CPI over the last few months and are now lower than a year earlier. In the big picture its aggregate demand which provides the price direction as the weaker growth will eventually ease the core inflation pressures. The Fed more closely watches core PCE prices as an inflation guide which stands at 2.2% yoy. Overall CPI reached a 14 year high of 4.7% yoy in Sept given the push from energy prices and now stand at 2.0% yoy.

8:30 Core CPI: Consensus 0.2%

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8:30 Housing Starts: Consensus 1575K

Big Picture: The interest sensitive housing market is falling sharply from the highs seen in 2005. As mortgage rates rose, underlying demand and speculative investment faded as sales declined, inventory built and strong price growth turned to declines. The mortgage rate led downtrend shouldn't be the collapse many fear if long term mortgage rates hold at current levels (low 6% s) and the strong economic fundamentals provide support. The rapid slowing from the heightened activity in recent years is needed but brings some injury from builders and home owners in price inflated areas. The reduction of unsold inventory is essential before starts stabilize.

8:30 Building Permits: Consensus 1510K

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8:30 Initial Claims: Consensus NA

Big Picture: Initial claims broke above the remarkably tight range held in the 4-week average for 5 months but have returned after the holiday spike. Continued claims showed a five year low in the 4-week average in mid May and now stand 75K higher. The continued low levels reflect the thin available labor supply which make a qualified hire difficult to find and therefore leaving less layoffs. A good read on the labor market as net hiring slows with the economy.

10:00 Leading Indicators: Consensus 0.2%

Big Picture: Five declines to date in 2006 reflect the weakening economy as the 6 month growth fell to a significant decline in July (-0.9%) but has returned to the black. Over the last 16 years the index correctly signaled the 1990 and 2001 recessions while providing a false signal during the 1995 soft-landing. The recession alarms go off when the cumulative 6 month decline exceeds -1% amid a string of three or more consecutive monthly declines. No early warning bells yet.

12:00 Philadelphia Fed: Consensus 3.0

Big Picture: The regional manufacturing index is showing weakness not yet reflected if using a ISM based calculation from its components. Three months below 0 (contraction) over the last four matches the declines in new orders -- demand. The weakness in orders from the auto and housing sectors now add to stalled business investment from a break neck pace just a few months ago. Risk is that the weaker business confidence which is driving investment may weaken further if the manufacturing sector falls in to decline. The Philly index is independent of its components so can provide a misleading read and is especially volatile given the small region covered (mid and east PA, southern NJ and Delaware). The manufacturing sector moves in mini-cycles compared to the overall economy and the regional measures move in even shorter cycles with far more month to month volatility.

Friday, January 19th, 2007

10:00 Mich Sentiment-Prel.: Consensus 92.0

Big Picture: A strong lift from lower energy prices is past as the broader forces of a slowing economy get back behind the steering wheel. The index is up 0.2% from a year ago but -12% from the January 2004 high. The University of Michigan survey is significantly smaller (500 phone calls) than the Conference Board's, includes a longer outlook (for expectations) as questions are focused on the household compared to the business heavy CB survey. The index far better tracks the consumers' mood than spending habits better indicated through interest rates and income growth.

(Source: www.Briefing.com)