



## Just in case it matters to you:

CLIENT / CONTACT BULLETIN 9-52

### ECONOMIC TURMOIL IS FAR FROM OVER AS WE HEAD INTO THE NEW YEAR...

- "THE GLOBAL FINANCIAL MARKETS HAVE EVOLVED INTO AN INHERENTLY UNSTABLE NETWORK...exacerbated by woeful I.T. systems. The banking industry has spent billions on being able to trade faster and make more money, but not nearly enough in creating the necessary transparency... Banks were the first to adopt computers and decades-old mainframes are still in use, while demands of financial markets (hedging positions, trading derivatives, modeling financial products), the need to comply with regulations, and the global presence of big banks are complex... As a result, many banks have huge problems with data quality. The same types of asset are often defined differently in different programs; Numbers do not always add up; Managers from different departments do not trust each others figures... and, because things are so interconnected, largely thanks to technology, a problem in one part of the system can quickly lead to problems elsewhere." [THE ECONOMIST – Dec 5, 09]
- MEGACORPORATIONS ARE RAVAGING THE U.S. ECONOMY while small businesses suffer the wrath of regulators... The major challenge today is emanating from those who lead the capitalist system on Wall Street and the major mega corps. The problem is the way they conduct themselves and the fact that they do not focus on the major part of America's capitalistic system – the middle class and small business... The way out of this mess is to create *productive* jobs, not just retail jobs. The business barons of American made this country great, as long as they were *reasonably* regulated... Somehow we have to restore three words into our business world: integrity, ethics and honesty," before it's too late. [L.A. BUSINESS JRNL – Nov 9, 09]
- AMERICAN HOME PRICES AND LEVERAGING CAPACITY ARE HEADED FURTHER DOWNWARD. JPMorgan/Chase economists don't expect U.S. home prices to "hit bottom until early 2011" earliest, as bank foreclosures continue to dump more properties into an already saturated market. The proportion of homeowners who are now 'underwater' from a valuation standpoint (when mortgages exceed market value) is now one in four, and growing. Some 10.7 million households already have 'negative equity' in their properties, half of which are upside down by at least 20% and worse in western states; in Nevada, one-third of borrowers are down by over 50%. [WALL STREET JRNL – Nov 24, 09]
- ILLEGAL IMMIGRATION CONTINUES UNFETTERED. Though fewer available jobs have temporarily slowed the influx, America's 'instant citizenship' opportunity continues to attract illegals – especially teenagers. "When prenatal benefits began for illegal aliens in 1988, California's teenage birthrate was below the national average. Four years later, it was the highest of any state as well as twice the national average... A "Third World" transformation is taking place: the Center for Disease Control reports Hispanic teenage births are now the fastest growing segment of the U.S. population—a birthrate twice the national average... More than half of Latina teens will get pregnant before they turn twenty, and 45% of Hispanic births are out of wedlock. The facts for teenagers' children are that they are more likely to be teen parents, to be un-wed, to become welfare dependent, to earn less, to be gang members, to be school drop-outs; for boys, they are eight times more likely to be incarcerated. These problems are tearing at our moral fiber and present challenges for our nation's future," but continue to be of relatively no importance to our elected leaders as we head into another year. [LEVINE BREAKING NEWS – Dec 5, 09]
- BUT HERE'S AT LEAST *SOMETHING* POSITIVE TO END THE YEAR: (1) Rush-hour traffic jams are maddening, especially when they appear with no obvious cause. A recently-engineered mathematics model has now determined why phantom jams develop (having to do with "detonation waves that radiate outward from an explosion") and will soon interactively convey info thru GPS devices so that "drivers approaching a forming jam can slow down well in advance, lowering traffic density" to reduce the likelihood of the jam and of accidents. (2) The iStethoscope is a medical device underlying one of the newest smart-phone applications which, by "transmitting clear signals of heartbeat directly to your cardiologist," now makes monitoring and diagnostic services pragmatically and financially viable for saving many lives. [THE FUTURIST – Jan/Feb 10]
- CONTINUALLY LOSING OR MIS-PLACING YOUR EYEGLASSES? Here's a new great \$20 solution: [www.getispex.com](http://www.getispex.com)
- FINAL THOUGHT FOR THE YEAR: "*Inside every older person is a younger person wondering what the hell happened?!*"