Rohr Report

Capital Markets Observer

Volume IV Number 7
Tuesday, July 8, 2008

Key Views, Overview,…
… Trickle vs. Trickle, Real World Implications, The Fiddler's Notion

Key Views

- **The relatively limited economic releases so far this week continue to reinforce the 'stagflation' scenario which the equity markets find so troubling, especially the continued weak news out of the Europe and the UK that were allegedly 'delinked.' However, as we've noted previous, much of what we are seeing now is rightfully being treated by the markets as 'old news' in an environment where the continued erosion of economic tendencies is the realistic anticipation.**

- **The most striking feature of late is the degree to which the Bush administration (and that includes the Treasury Department) and Fed don't 'get it.' Repeated indications of the ideological commitment to 'free market' solutions with no mitigating intervention that might stabilize the US housing market have proven immediate irritants to equity markets and boosted fixed income. The Fed's renewed focus on inflation mitigation is also obviously far too early in a cycle where both credit and equity markets continue to be burdened by the predations of further asset value destruction: directly in housing and by extension to the debt derivative securities markets. As noted previous, that has effects beyond individual's problems to economic, fiscal and interbank weakness. Further review of these aspects is provided in the extended topical discussions below.**

- **Of course, these are just the sort of influences that will continue to destabilize the equity markets as long as the 'Street' believes that the Fed is indeed locked into its firming bias once again. As we have already seen the failure we expected into new lows for the year in DJIA and S&P 500, we will not dwell on that here. Suffice to say that the Fed may still shock the broad 'tightening' consensus if equities remain weak, and the review of key technical aspects seems more to the point at this time.**

- **After the slide below the critical psychological support at the January 11,635 low, and next lower support at 11,500 (where DJIA was trading prior to Fed action early on January 22nd), it managed to hold on for a weekly Close at the next interim support level at 11,350 two weeks ago only to slide below it last week in a quieter market. While it might normally not be all that critical, in this instance it is also the loose Tolerance below the 11,500 area, and any violation leaves no further support until the 11,000 area. As such, it assumed extra importance regarding whether the slippage below 11,635 and 11,500 remained relatively nominal, or the stock markets experience further weakness. And that is important regarding whether the Fed might need to quickly reverse fields and provide an easing in spite of a broad belief the next move in US base rates should be up. Extended supports are 10,700, 10,100 and the 9,700 area.**

- **September T-note previously below 113-00/112-24 area contract and continuation support had nonetheless managed to recover back above that level and next lower support in the mid 111-00 area. A question therefore arises over whether the 'haven' bid that benefited the bond markets in the first quarter might be returning. The answer is, yes and no. While economic and credit market problems that are plaguing the equities might see some flight to the safety of benchmark "govies", the inflation influence since mid-April has been restored to a degree that precludes the sort of bond-mania which drove the extensive negative real yields in the mid-March Bear-Stearns capitulation.**
- **That said, September T-note has now recovered back above the mid 114-00 area, and even challenged the contract congestion resistance yesterday in the 115-00 area that is also a major failed Fibonacci support (0.382 of the entire swing from the June 2007 low to the March high.) Much above that the T-note is above weekly MAs (which of course requires a weekly Close above that area.) There is resistance of various forms every half point higher from 115-00. Yet, as the T-note has already come this far with equity market weakness only of DJIA modestly below 11,350, it is possible that the T-note might still recover to the 117-16 congestion, or even 118-00 area (aggressive weekly up channel) DOWN Break from back into the equity market sustained bid in mid-April if the DJIA drops well below the 11,000 area to test lower major supports.**
- **That is in spite of general indications that the long ends can remain stale regardless of any near term equity market weakness. It seems that whenever the equities are not either actually dropping sharply or at least on the cusp of doing so that the fixed income is rightfully reflecting renewed extensive inflation expectations.**
- **Reflecting their stronger economies and inflation, both Bund and Gilt had previous neared last summer's major cyclical lows. Of note, that also happens to be major weekly oscillator support that would normally signal a likely intermediate term trend reversal, at least for a temporary upside correction. That was the case in spring of 2006 prior to resumption of the bear trend into December 2006 for the drop into last year's lows.**
- **Of course, the other great beneficiaries of the equity markets' weakness along with the ECB shift to a more sanguine inflation view have been the weak sister European fixed income markets. The September Bund below 113.00-112.50 had also failed the mid-low 111.00 support into last summer's 110.00-109.65 cyclical lows. Now back above the 111.50 level, the Bund has already neared the low end of 112.50-113.00 resistance once again as shaky equity markets slide down to lower supports. Similar tendencies apply to the September Gilt below its previous supports in the 106.70-.50, 105.00 area and 104.00. Yet, it never quite reached last summer's 103.35-122.90 cyclical low trading support, which is also similar to oscillator support noted previous for the Bund. Also similar to the Bund, is its recovery back above the 105.00 area resistance (violated support) Tolerance at the 105.30 level. That has reinforced its ability to likely proceed back up to the mid 106.00 area; although the trading highs back in early June were into 106.40, the actual resistance (not quite tested back at that juncture) is the failed 106.70-.50 support.**
- **Technical levels for short money forwards are geared to March 2009 contracts, which is 97.00 area resistance for the Eurodollar; interesting for the degree to which it removes the anticipation of any FOMC tightening. Lower support is 96.55-.45. Short Sterling resistance is 94.30 reflecting its weaker economic outlook, with support into 94.00-93.90. Euribor resistance is 95.00-.05 that reflects a steady hand from Überhawk now that it has acknowledged the cross currents from economic weakness. Lower support is 94.75 and 94.50, and all may come under pressure if and when a US housing bailout is passed.**

- **As is the case for all of the long dated fixed income, the degree of the rally is going to be dependent on the extent of equity market disarray over the near term, and be vulnerable to rapid reversal if the Fed should engage in that unexpected easing to rescue the equities from any overtly disorderly activity. In addition to any sheer equity market recovery, there can be little doubt that if the Fed is forced to ease, it will likely be destructive for long dated fixed income in the intermediate term.**

- **With the US Dollar Index capitulating after its weekly Close above .7350-70 resistance four weeks ago, its recent recovery is somewhat impressive in the face of the equity market failures that appear to still be in process. However, the ECB's ostensible move to 'neutral' is bringing in short term comparative yield bullish sentiment. The primary question therefore becomes whether the inflation influences abate quickly enough to reinforce the idea that the ECB might remain on hold (or even need to ease) while the Fed can afford the luxury of an inflation mitigation rate hike (even if only one for now; and later this year at that.) Excuse us if we find each of those highly anticipatory expectations specious at best. However, for now it is possible that the US Dollar Index can revisit higher resistances in the upper .7300 or low-mid .7400 areas once again. Lower supports are .7250, .7200-.7180, and the low .7100 areas. Those higher US Dollar Index resistances are consistent with EUR/USD support at 1.56 and 1.55-1.5450.**

- **It is important to recall that the euro did not so much bottom in October 2000 as the US Dollar topped in the face of the secondary failures of the US equity markets as the NASDAQ 100 slid below 3,300(!!). Considering whether the US Dollar has bottomed is now therefore as much an exercise in whether European economies are weakening enough to be over-valued in the wake of the ECB rate hike last week. As we suspected, that has already confused the 'interest rate differential' camp that saw EUR/USD drop sharply from its 1.5900 Negated Triangle UP Break (from back in mid-April) that had not quite been tested on the rallies in late May and Early June. .**

- **GBP/USD remains a trading range affair between 2.00-2.01 and 1.95, with key lower support into the 1.93 area. EUR/GBP is a similar .8000-50 to .7850-.7750 ranging affair.**

- **However, in spite of US dollar weakness or strength over the near term, the real weak sister remains the Japanese yen in the face of generally high oil prices (i.e. anything even back down to the $128/barrel area.) USD/JPY above 105.00-106.00 resistance previous remains no worse than that range in spite of failing at higher resistance in the 108.00-.60 range, with 110.00-110.50 above that. Even with the US dollar weakness as the focal point at times, EUR/JPY above 165.50 ran up to challenge the 168.95 major July 2007 high, and remains in striking distance. GBP/JPY through 209.00 to the upside similarly hit its 214.00 area major congestion from the series of early 2008 highs.**

- **The one other immediate reminder of note is the seemingly endless extension of the energy rally saw August Crude Oil reach the next major weekly oscillator threshold in the 145 area last week; and that will move up to the 147 area this week (based upon the almost incredible upward change of a full 1.50 per week in weekly MA 41.) That is now the level from which a reaction back to lower support levels in 138, 132 or even 128 areas is possible, even within an evolving bull trend. And that is one of the most major problems for the equity market bulls: Only a failure of the lead contract Crude Oil future back below the 130 area (which includes a Tolerance to the bottom of the major daily gap near 128) will indicate the more compelling downside reversal necessary to support the return of stability in the equities due to more benign energy markets. In that regard, any need of a Fed surprise easing will likely underpin energy markets at the same time.**

Overview

This is yet another interesting week on many levels, with the key impetus all of the various central bank expositions that extend into Thursday yet are absent on Friday.

As we have noted on quite a few previous occasions and due to its relevance revisit this week, there is a seeming disconnect between what ails the economies and the markets and the official perspective on how to address it. As we have been over this ground quite extensively in the most recent couple of *Capital Markets Observer* issues, we will only pursue an extension of our previous perspectives on why the US at-risk home borrower bailout from Congress is the only real (if somewhat morally questionable) way out of the current capital markets and economic mess.

What is very apparent from market activity since the top of the week is that the drop in energy prices that is indeed impressive on an historic basis for sheer size is neither a very big slide in percentage terms nor in its impact on the technical trend support (actually in the Crude Oil $130-128 range) after such an extensive and sustained rise. It is also obvious from the equity market reaction that the sharp fall early this week on somewhat improved geopolitical influences (i.e. Iran finally seeming a bit interested in discussing the future of it nuclear program) is not the panacea that the equities need to turn back into a sustainable bull market.

Seemingly more important to equity markets at present (with influence spreading over especially into the fixed income and to a lesser degree into foreign exchange) is the intellectual perspective and actions (or lack thereof) which central bankers express on the key issues affecting economies and the markets; with the US situation remaining at the forefront it has occupied since last summer's initial signs of interbank and debt derivative market problems.

There seems to be a tendency to stick with a very big institution and macro-economic approach that marginalizes the need to address the burgeoning grass roots problem which can ultimately go a long way toward addressing the still expanding economic and financial services weakness. We revisit the lack of perspective and the market reactions in **Trickle vs. Trickle** below.

One of the primary aspects confirming our expectations is the major banks' problems spreading (as they do during 'deleveraging' phases) to regional banks and mainstream businesses. Credit availability is always withdrawn from the broader system when the 'majors' reduce exposures to what were previous considered very reasonable risks. Indeed, there are more than a few additional aspects beyond our review of a very specific topic in **Real World Implications** below. However, as that deals directly with a key aspect of US consumer sentiment and their outright ability to spend, it is relevant for implications that extend to other businesses as well as regional banks.

The bottom line is this: Until the Bush administration (including the US Treasury department's attitudes on the best way to stop the current vicious devolution into economic weakness) and the Fed can bring themselves to abandon what has become a counterproductive marriage to 'free market' philosophy that was not at all properly implemented and regulated on the way up, further US housing weakness will likely continue to drag the global economy and equity markets lower.

Trickle vs. Trickle

'Trickle Up' vs. 'Trickle Down' economics has been a classic dichotomy that for the most part separated the very liberal 'wealth sharing-income redistribution' left wing of American politics from the 'free market-capital formation is good' right wing.

However, there have been periods where each of those camps has allowed for a certain amount of forbearance in those cases where any extreme application of its philosophy has proven less than effective across time. Bill Clinton did the unthinkable, implementing a long-cherished Republican Party goal of spinning off US government welfare programs to the states, with its implicit cut in both the length and levels of unemployment benefits. However, that was only after many years of systemic abuse that the Feds proved incapable of curing.

Ronald Reagan was the primogenitor of all subsequent tax cut legislation. Yet, even this Republican idol was more than happy to allow more spending than was consistent with the attendant fiscal prudence, as there was a wink and nod toward the Democratic Congress' continued 'off budget' spending on key programs. In each case there were political triumphs which were then belied by practical 'facts on the ground' experienced by the American public.

Which is why it is so vexing to see both the administration and Fed cling so strongly to respective misguided views on pure 'free market' solutions to US housing problems and ingrained inflation. Is it alright to hew to 'free market' principles in an economic downturn if the previous expansion saw a realistic level of both regulatory oversight and central bank caution; neither of which were done in the late 1990's nor especially into the middle of the present decade. Had the Federal Reserve performed its classical task and 'pulled the punchbowl' in late 2006, or discouraged home lending abuses into 2005-2006, it might have been different.

Yet, no such thing occurred. What we have now is a rear guard action that is incredibly accurate at pointing out what should have been done to prevent the crisis. Yet, that is much like generals preparing for the last war while the failures of the current strategy continue to create casualties in the field at present. The views that we hear from various Fed officials now wishing to address inflation through a more hawkish stance, and continuing to believe continued liquidity injections that have not relieved pressure on the interbank lending market can still be some sort of cure is a bit disappointing to say the least; and the markets seem to feel the same way.

All of that lack of constructive response from the markets to the continued 'Trickle Down' approach of rescuing the 'big boys' as an answer to problems reinforces our instincts that what we need at present is a good dose of 'Trickle Up' assistance for at-risk home borrowers. Their loans still lay at the core of the 'big boys' interbank illiquidity issues. Why it is not clear to the administration that its 'free market' legacy will not be impugned by showing some flexibility in what is a most intractable situation (as Mr. Paulson himself admitted last summer) is a mystery.

The ironic part of it is that the 'Bush Legacy' (such as it is) will be completely obliterated if DJIA continues in its current trend down to major technical support in the 10,000-9,700 area (the extension of the long term channel technical support it held back into late 2002-early 2003.) That is because the dead low of the DJIA in pre-election nervousness of 2004 was 9,708.40. Once it was clear that Mr. Bush had gained pre-election poll leads over the far more left wing Mr. Kerry, equity markets began their long 'free market' rally. However, the irregularities which drove it to the extended housing bubble heights have come back to haunt the administration, and the Bernanke Fed that was content to bask in the post-Greenspan glow.

Now that the proverbial piper needs to be paid, the administration is happy to let the individuals who got wrapped up in the overly exuberant psychology of the times suffer the consequences, and the Fed somehow finds it enlightened to feel that all of those under pressure from a weakening economy will thank them for modest inflation restraint. The same inflation they failed to anticipate on the way up during the late 2006 'endless asset appreciation' psychology.

So there we have it: continued expression of the need for the US housing market to take its strong 'free market' medicine while the Fed tosses an anchor to both equity and credit markets that are not yet ready to absorb the psychological shift away from possible further accommodation, and much less prepared to absorb any actual hike.

Even if it is not clear on theoretical and psychological grounds, perhaps the market responses to these influences should be observed as a means of enlightenment. This goes all the way back to the May 21st release of the Bank of England and FOMC minutes that were both more hawkish than expected. Yet, along with a bad reaction to Mr. Bernanke's misguided early June foray into US dollar support language (i.e. also inferred to be very hawkish), the Fed and the administration seem almost completely impervious to the verdict of the markets.

That said, there is something to the idea that neither the Fed nor the US treasury should overreact to near term market shifts. However, the better part of a full year into Mr. Paulson's Hope Now program with the key US equity indices at new lows for the year (with others close behind), this is not some temporary fluctuation. Yet we hear from San Francisco Fed President Janet Yellen yesterday about both a continued miserable outlook for US housing that can not be addressed except by allowing lower prices to continue, and a hawkish Fed that is interested in removing accommodation.

And the market response? DJIA dropped from 100 points higher on the session to 100 points lower, into a marginal new low for the selloff. What were the combined insights which the good lady had to offer?

"Changes in housing prices are inextricably linked to household wealth, which in turn affects consumer spending,…" "The bottom line is that construction spending and house prices seem likely to continue to fall well into 2009." She further noted that: "There also is considerable uncertainty about the extent of the ultimate losses and the exposure of different institutions. In… …residential mortgages, where delinquency rates are still rising, the single most important (*factor*) has been the pace of house price changes... …(*that*) uncertainty has added to the difficulty of valuing the underlying mortgages and related asset-backed securities." "Especially notable is the rise in delinquency rates on construction loans that is affecting even institutions that had steered clear of the subprime market."

In summary, a pretty astounding admission. It seems current Fed officials are the sort of intellectually *adept* and real world *inept* folks seen in the Carter era G. William Miller Fed. If there is such a profound understanding of how the problems at the grass roots level reflux back into continued problems for portfolios of major (and even more modest) financial institutions, why is it so hard for the US Treasury and the Fed to support any alternative to approaches taken to date?

As we have noted previous, handing money to the banks to avert illiquidity was indeed a necessary stop gap in the credit crunch last summer into the fall. However, to continue to extend the liquidity loan facilities as the only means of address for the unpriceable debt derivatives portfolios that plague the major institutions, as well as encouraging them to raise more capital, is only a device to flush a considerable amount of money down the proverbial write-down toilet.

It certainly seems more reasonable all of the time to incur the moral hazard (no greater than a lack of regulation for highly specious models or restraint of the credit bubble on the way up) and expense to implement a bit of 'Trickle Up' economics via assistance to the at-risk home borrowers.

As we pointed out previous, the same funds or even more will be necessary to absorb all of the write-downs that will continue to increase at the major and intermediate sized financial institutions as the current housing foreclosures spread. That will (and indeed may already) include the failure of ability to refinance many companies that were taken private during the private equity buyout boom, as it will run into trouble if the depressed economy (with US consumer confidence at a 15 year low) means those firms are performing poorly.

Yet the Fed continues to assert the remedy of further liquidity injections as its approach to ensuring liquidity. Mr. Bernanke already pointed in the direction of the extension liquidity facilities into next year in his speech this morning. Keep in mind that this is US taxpayer money just as assuredly as the US Congress' at-risk borrower bailout.

The bottom line that we have articulated previous still stands: would the American taxpayer rather pay the money to their neighbors (or at least fellow home owners), who made bad decisions under the poor guidance of a mortgage salesperson's promotion, in order to keep that individual (and their family) in their home? That has the extended positive effect back up the financial chain of solidifying neighborhoods and communities' social fabric and real estate values, the tax base of municipalities and states, and preventing the foreclosures that Ms. Yellen seems to understand are a major part of the problem with pricing the financial services firms' debt derivatives portfolios. The alternative is to take the more direct route of extending almost unlimited liquidity to the banks from what is in the final analysis the very same (if more opaque) public purse, and let it be used to write down losses. That is nothing less than agreeing to the asset value destruction we noted as far back as last September, as opposed to attempting to maintain the asset value and reap the other social and financial benefits just noted.

It seems obvious to any of the laymen with whom we have reviewed this that that is really not much of a choice. Inquiries on whether to hand as large, or possibly even a more massive (due to the knock-on failures that are likely) pile of cash to major banks to write down foreclosures and the associated problems, or incur the modest moral hazard to keep lucky folks who can still qualify in their homes has been seen as a rhetorical question *in extremis* by Average Joe and Jane (actually intelligent professionals from outside the financial services arena.)

And that is becoming even moreso the case as a sense of economic weakness spreads out into the hinterland. While everyone has noted there would be second round effects into the economy at large, those are now becoming more apparent and pronounced for even the fairly well off.

Real World Implications

As noted in the **Overview**, there is now an aspect of the US housing problem which is a key to US consumer sentiment, and even extends to their outright ability to spend. That makes it very relevant for implications that extend to most businesses as well as money center and regional banks.

Yet, it is instructive to first step back from both the financial press and even the official views (misguided or on target) of the extent of the problem to note the analysis from a highly qualified and respected academic resource: the Joint Center for Housing Studies of Harvard University.

According to its late June update of the trends in this key area, “The nation is in the throes of a housing downturn that is shaping up to be the worst in a generation,…” “…home price declines and mortgage defaults are the worst on records that date back to the 1960s and 1970s.”

As we have already established, this is a known risk factor, which the Fed actually acknowledges is a prime mover for the continued debt derivatives problems.

Joint Center for Housing Studies director Nicolas P. Retsinas concludes, "Mortgage rates have barely responded to the aggressive easing of the Federal Reserve, the supply of for-sale vacant units continues to grow, and much tighter underwriting is locking many would-be homebuyers out of the market. With home prices falling in most metropolitan areas, homeowners are tightening their belts, remodeling less, and staying on the sidelines."

All factors we have noted previous why the normal ‘free market’ response is proving inadequate in the current situation. And that is not even revisiting the primary point that Messrs. Paulson and Bernanke noted at a previous juncture (and then quickly hid from view when the implications became clear): While lower prices classically stimulate demand, the normal supply/demand balance has been turned on its head by the rate of decrease in home prices. That is now a disincentive rather than an attraction for potential home buyers.

It has been broadly accepted the effect on the overall economy will spill into weakness in non-housing businesses and investment activities. There was a very good recent report from that bastion of financial market analysis,… *The Orange County Reporter*. That’s right; Orange County, California’s own regional news journal has the most thorough analysis to date of the knock-on effects of the housing credit crunch.

We must admit to not scouring the whole world of financial reporting for analysis from every source; this was flagged by the FT Lunch Wrap blog. However, the depth of the reportage and conclusions drawn by OCR reporter Mathew Padilla are pretty impressive, albeit from the center of the property value slippage storm.

In addition to very good real world examples of homeowners who were under duress in holding onto their properties or cancelling additional major spending, Mr. Padilla’s article included conclusions based upon an “April 14 report by investment bank Keefe, Bruyette & Woods (KBW).”

To wit: “The report by KBW said there were about $1 trillion worth of unused HELOCs (*Home Equity Lines of Credit*) earlier in the year, and $1.2 trillion of used lines and other home equity loans. Such numbers illustrate the importance of HELOCs to consumer spending,..”

“Frederick Cannon and Brian Kleinhanzl, the report's authors, argue such reductions could backfire on lenders, leading to more loan delinquencies if borrowers needed their credit lines to stay financially afloat.

“They said the cuts could worsen a recession, supposing the country is in one or might be soon, if consumers cut spending as a result.”

Early in the article, “Originations of HELOCs and other second mortgages have fallen off a cliff. DataQuick reports banks made $555 million of such loans in April, less than half the $1.2 billion made a year earlier.”

While more muted than depressed markets like Florida, Nevada and California, those sorts of specific limitations on consumer expenditure are of course likely to affect their spending habits on major items, and have an impact on businesses other than just housing for quite some time.

The Fiddler's Notion$_{SM}$

The Fiddler on the Roof is part of eastern European folklore. His essence was beautifully captured in the late nineteenth century book by Sholem Aleichem, *Tevye the Dairyman*. Yet, the popular name taken by the musical production is based on the quasi-cubist painting by Marc Chagall. 'The Fiddler' is a metaphor for survival in an uncertain world that is very apt for capital markets participants at all times; especially during the more volatile, erratic phases. As luck would have it, about ten years ago I came across a unique, purple palette print of him. My wife was extremely hesitant to even allow the green-faced man in the house. He ended up on my office wall. I now realize this is just as it was meant to be, as he looks over my shoulder in the rear view mirror on my computer monitor. The Fiddler's Notion$_{SM}$ is devoted to observations on risk that may not correlate with some of the typically market trend oriented factors in our other analysis. It is fitting that one involved in such a risky pursuit is looking over my shoulder. Whether or not you like to think about it, he is likely looking over yours as well. So welcome up to the rooftops, where you can share the Fiddler's perspective.

Tougher Environment (No Kidding)

Just a very brief observation this week on something that is implicit in all of the previous analysis since we first projected the return of 1970's style 'stagflation' in our major March 2005 report ***1970's Redux: Son of Stagflation***. That is of course that this creates a challenge to the performance of any and all financial assets.

While our recent commentary on the degree to which long dated fixed income can not be trusted to trend higher in spite of the bouts of 'haven' buying that push their prices higher (and yields lower than any historic norms of 'real yield' indicate is reasonable), and overall skepticism toward the equities are a good guide, we had not noted the likely longevity of those tendencies.

Then we had a timely reminder in the recent Financial Times' View of the Day that was actually a much broader perspective than the column's title would suggest. It was a very concise summary from Citigroup's chief US equity strategist, Tobias Levkovich.

He noted, "Following a period in which corporate margins rebounded to levels not seen since the 1960s, it seems difficult to conceive that profit trends will be able to match the 1980s-1990s golden period of improvement." That is very consistent with the drags on consumer sentiment and actual spending that have been noted for some time.

Shortly after that Mr. Levkovich also added, "Low interest rates as a result of muted inflationary threats over the past 25 years meant valuations could expand. Yet it would seem that this is unlikely to persist, with negative ramifications for investors in financial assets." Another good reminder that liquidity and asset values are under pressure, in part due to wealth transfers to outside commodity resource suppliers. During these extended cyclical phases, the reflation necessary to keep the developed economies afloat also engenders a lack of confidence in bond markets at the end of the cycle, even if equities remain subdued.

We look forward to providing further comments as the situation warrants, and hope you have found these perspectives helpful.

-Rohr
(www.rohrintl.com)
