



What's New?

Feddern Financial Consulting Group Newsletter

November 7, 2009

KEYS TO THE BEGINNING OF A RECOVERY:

- 1. The Real Estate market must stabilize. If not reversing, at least not continuing to fall. *NEW HOUSING STARTS UP this past Spring and Summer because of seasonal factors but inventory still huge! The Nationwide COMMERCIAL COLLAPSE IS JUST BEGINNING!***
- 2. Unemployment must stabilize. If not reversing, at least not continuing to rise. Last report was lower! *IT'S ACTUALLY WORSE as a "%," Back to near 10% - BUT IT CONTINUES TO MOUNT @ OVER 500,000+ weekly.***
- 3. Corporate Earnings (profits) must stabilize. If not reversing, at least not continuing to fall. *SOME POSITIVE SIGNS but mainly in TECHNOLOGY.***
- 4. Banks must begin to make loans again (especially to small businesses and potential home owners...albeit under ancient premises of buyers being qualified and of all things, a down-payment! Lots of "hoopla" from the mega banks, but it appears that there's no real progress. They're "hoarding" any cash they can get their hands on. And now here comes the Regional problems compounded by PRIME loan and Alt-A resets!**
- 5. The DOLLAR has to decline. *It's started for REAL!***
- 6. Auto sales must stabilize at some NEW level. *Maybe started!***
- 7. The consumer must get "back in the game of consumin'" *NO WAY!***

ANALYSIS OF THE ABOVE: No Real Hope YET! -11/7/2009

Putting Your Food in Your Tank!

British financial journalist Ambrose Evans-Pritchard says that food will never be so cheap again, and biofuels are at least partly to blame.

"Barack Obama has not reversed the Bush policy on biofuels, despite food riots in a string of poor countries last year and calls for a moratorium. The subsidy of 45 cents per gallon remains," Evans-Pritchard writes in the U.K. Telegraph.

“For investors wishing to rotate out of overstretched rallies — Wall Street's Transport index and the Russell 2000 broke down last week — this is a rare chance to buy cheap into a story that will dominate the rest of our lives.”

Biofuel refineries in the United States have set fresh records for grain use every month since May, Evans-Pritchard notes, and will use almost a third of the corn harvest to turn into ethanol for motors this year.

That's 12 percent of the global corn crop!

Additionally, the world's grain stocks have dropped to 2.6 months cover from four months since 2000, despite two bumper harvests in North America, according to Evans-Pritchard.

“China's inventories are at a 30-year low,” he says. “Asian rice stocks are near danger level.”

In the absence of biofuel mandates and subsidies, biofuels are likely to have trouble competing with food, observes Energy Quest CEO Graeme Bethune, the Gerson Lehrman Group reports.

“Left to itself the market will determine the allocation of resources between food and biofuels,” Bethune says.

“However subsidies, mandates and other government policies providing artificial support for biofuels may well have unintended consequences for food.”

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www.fedderngroup.com

We continue to receive more and more inquiries about our Down-side Risk Management disciplines along with our group of recommended money managers. We appreciate your “referrals.” It's the main way we continue to build our business.

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