



GLOBAL MACRO *Roundtable* MARKETS & INVESTMENTS

Macro | Global strategy & Investment trends Uncovering clues for profitable investment™

20 November 2008

The Sun Shines but the Economy Melts

DINL is a service-oriented business and we are at your service. Contact us with your queries and thank you.

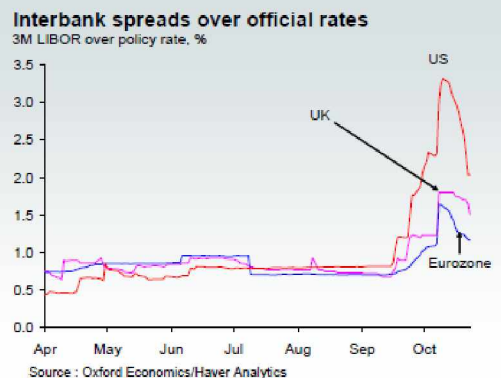
Reminder: this little blog is simply my tool to remind myself and any readers of my thoughts and anything else I deem important - more extensive charts and/or analysis takes place in the GMR Newsletter.
This blog is updated periodically — pending travel, workload and all that other stuff...

Issue Tags : bailout, CPI, depression, deflation, radio, health, default, QE, Fed, BKX, Treasury, debt, CMR, INDU, DOW, Coleman, diet, food

My Market Notes

DJIA	7997.28	-427.47	-5.07%
NASDAQ	1386.42	-96.85	-6.53%
NYSE	5011.99	-353.67	-6.59%
S&P 500	806.58	-52.54	-6.12%
S&P 100	392.23	-24.40	-5.86%
NDX 100	1087.60	-68.15	-5.90%
Russell 2000	412.38	-35.13	-7.85%

- The US "bailout" is now fundamentally out of control— a fictitious \$700 bn bailout has now turned into an "all sucking vortex" - some estimate \$5 trillion.
- Within the last 4 months, new public debt within the US has increased \$1.5 trillion with 2 Debt Limit ceilings raised (more inside this update)
- Under President Bush, the US public debt has doubled (100% increase) in 8 years from \$5.7 trillion to \$10.6 trillion (more inside)
- My last target for the DOW of 8000 has now been met, my ultimate lowish target is ~ 6000
- My long-held deflation theory with concomitant central bank easing rates globally has been verified—more easing underway although now an easing is not producing the desired results. Interbank rate spreads remain nearly 5x above normal
- US new home starts are down 40% and build permits have fallen to 1981 lows
- In previous issues I have reported that between housing and financial sectors, the US is very susceptible to large unemployment in a downturn— this will now accelerate
- My call for Swiss Franc accumulation on target but observing closely as Swiss also in downturn eco-



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Randolph Buss'
GMR Blog Entry
20 November 08

Berlin, Germany
Zürich, Switzerland

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Latest Interview MP3 : ORN

http://www.dinl.net/Content/playlist/orn_interview.mp3

Continued : My Market Notes

Various Links from DINL.net

- <http://www.dinl.net/transporter/link.php?id=23974>
- <http://www.dinl.net/transporter/link.php?id=23949>
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- <http://www.dinl.net/transporter/link.php?id=23983>
- <http://www.dinl.net/transporter/link.php?id=23991>

Click link for article

\$ € ¥ £

In the recent months a jump in subscribers from both retail and institutional has taken place - thank you for your trust. I would like to welcome new members from : UK, France, New Zealand, Australia, USA, Canada, Portugal, Italy, Austria, Greece and Taiwan.

Some Recent Reader Remarks

Randolph is one of those rare breed in finance - he'll actually answer a question if you email him. And it's because of him that I found out about [ORN](#). Xileh

Randy, Great to hear you on [radio](#)! I feel you're almost in the room with me! Keep it up. Rhys, UK

Forwarded : Randolph's latest article is truly a MUST READ in its entirety, and in this edition he has risen to new eloquence in stating the truths that must be heard. Best Regards, JF, Vancouver

Randolph, you have been consistent and correct in your outlook even in the face of adversity. It's always a pleasure to read your insightful thoughts. KL, USA

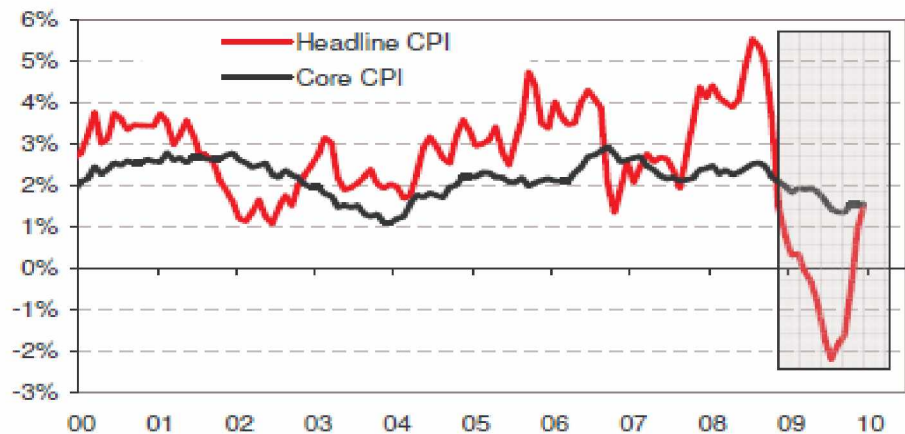
→ <http://www.dinl.net/remarks.php>

nomically ; may see short term weakness

- BEAR markets take 9—12 months minimum to resolve although this is now a “mama bear” - meanest and very nasty—I foresee 2009 as severe as Central Banks are “pushing on a string” as far as monetary policy easing is concerned.
- So-called Quantitative Easing (QE) is now the rage— Fed Governor Kohn mentioned the Deflation of Japan as a risk— we now hear louder the helicopters of Ben and world central banks—in \$\$\$ drop mode
- Latest CPI figures do not look robust by any means (graph below)
- Yet, official core inflation is still running at 4%+ ; unofficially more



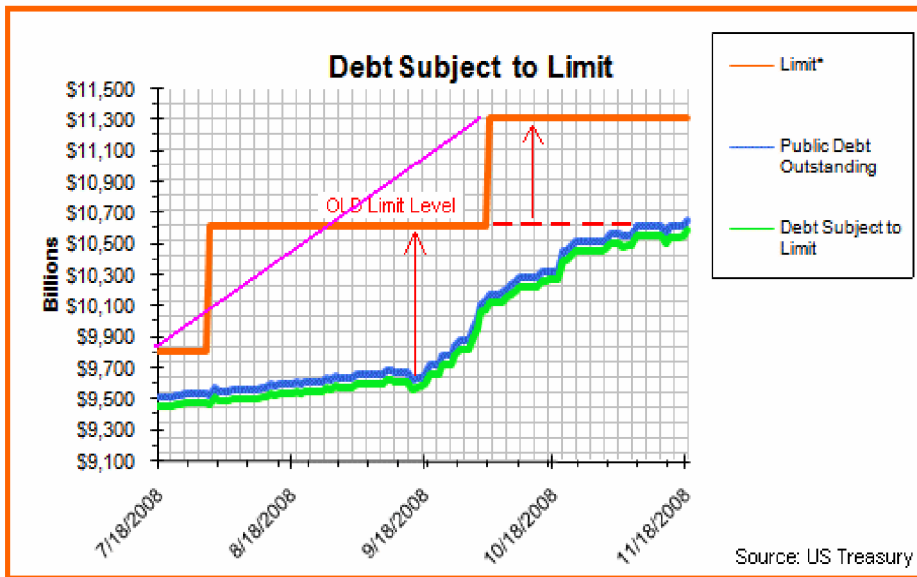
CPI set to plunge



Source: BLS, SG Research

- With real interest rates therefore negative, money markets are unattractive and banks actually lose money such accounts
- Mortgage and credit card rates remain cemented if not moving higher despite monetary easing ; consumers in debt + job loss fear
- I remain VERY skeptical of monetary easing “producing” a new wave of consumer optimism ; moreover, I see that monetary easing will create a larger wave of inflation later
- I foresee further major bankruptcies in banks, business and as I stated a year ago, a further contraction in corporate real estate
- Credit restriction from institutional side looks set to continue as turmoil continues along with risk spreads (% over US Treasury rates)
- And finally, I am starting to consider the SERIOUS risk of a US default and/or a major disruption in US Treasury auctions—buyers of US continued debt may simply start to walk away as the risks within the US market are increasing and non-transparent. This does not bode well

US Treasury : Deficits



*The current Debt Limit was increased from \$10.615 trillion to \$11.315 trillion effective October 3, 2008.

— Within 4 months the US Treasury has raised the Debt Limit Level by 1.5 \$ Trillion **DINL.NET**

Two Pictures

These two pictures tell the story of the recent bailout actions and the debt increases under Pres. Bush . Public debt has doubled in 8 years while the morphed bailout continues to suck even more capital. „monetary physics“ tells us that real growth (GDP) can only come from true production, savings or both. Right now, the West is wallowing in negative savings and has outsourced a large majority of manufacturing to the east. Likewise, in a recession, GDP will likely fall between 3–4 % ... which is substantial. On top of this, I fear— looking at behavioural finance—that consumers, who make up 70% of GDP will not be commensurate in doing their post-recession „duty“ of taking on ever more „free money“ debt so quickly as provided by the Central Banks . It remains to be seen how the massive liquidity injections will manifest themselves—logic tells us of higher prices to come as more debt is created to „cover and hide“ the deflationary forces. The NEED for such liquidity is overwhelming as banks continue to come to the trough for more money and yet spreads remain high. Debt to GDP is now increasing substantially.

The Daily History of the Debt Results

Historical returns from 07/01/2007 through 11/19/2008

The data for the total public debt outstanding is published each business day. If there is no debt value for the date(s) you requested, the value for the preceding business day will be displayed.

Date	Debt Held by the Public	Intragovernmental Holdings	Total Public Debt Outstanding	
01/21/2001	Not Available	Not Available	5,727,776,738,304.64	President Bush enters office
06/29/2007	4,943,089,820,238.26	3,924,585,456,513.39	8,867,675,276,751.65	Begin of Subprime Crisis
12/31/2007	5,136,302,727,072.67	4,092,869,932,145.64	9,229,172,659,218.31	
11/18/2008	6,394,550,218,145.18	4,265,867,636,327.11	10,660,417,854,472.29	doubled in 8 yrs.

A note for those new to DINL and a reminder for existing subscribers:

In a Nutshell

The Invest Informant (DINL) is an independent company providing insights and technical analysis along macroeconomic trends within major markets. Our particular emphasis is on the broad markets and their cyclical nature which are fundamental to successful investing in any market.

More Detail

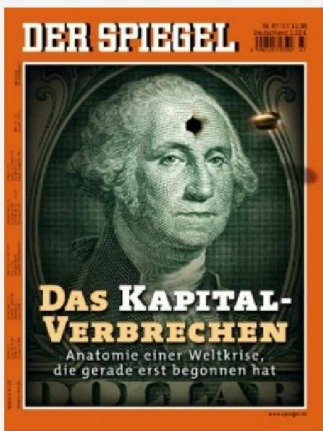
To reiterate what DINL is about and the objectives behind it. First and foremost it is about analysing the economic, investment and political worlds we live in - worlds intertwined and connected by 24x365 fully redundant telecommunication and news access. News is reported near instantaneously and all are informed globally. **Yet, actionable knowledge comes from deciphering** — at DINL we assimilate and filter such data to give you objective fundamental and technical analysis both in the short and longer terms. Next, we inform you of broader perspectives (historical, macro-economic and political) and areas which offer investment opportunity.

In a more "globalized" world, this means looking at many markets and opportunities, be it commodities, foreign exchanges, or currencies. DINL is international in outlook and perspective.

Likewise, we try to keep some light-hearted topics and information related to health, wealth and general well-being. All the money in the world is nothing without a sound mind and body.

Quite simply, we are in the business of providing you, to the best of our knowledge, experience and resources, viewpoints which we believe can and will help you profit financially and give you an international perspective in the globalized world.

DOW—Consumer—Banks



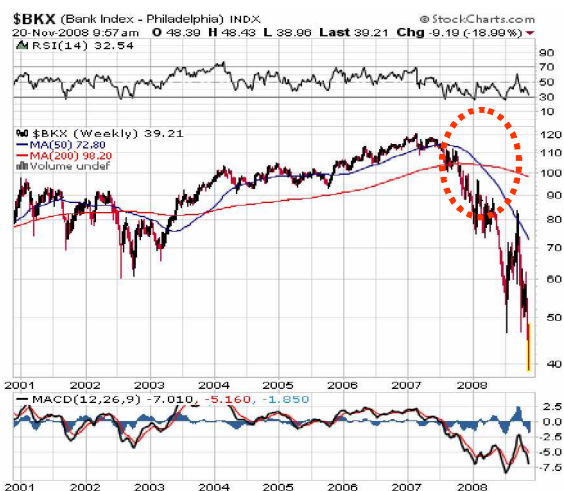
Cover of this week's German news magazine „Capital Crimes“

The DOW is now forming a very bearish cross of the moving averages— this forbodes evil ahead. If anybody had any questions of this market— this chart shows a 1929 style drop and with it trillions have evaporated off world equity markets. I have long held the opinion that for markets



to recover

we will need to see a recovery in both the Consumer index and the Banking index—about the only things left in the US economy. Neither of these are looking good—these also have or are forming BEARISH cross patterns. I would expect these charts to worsen over the next 6 months with a possible bottoming formation in mid 2009 at the earliest. If my theory is correct, the consumer will not return to rampant hedonism and debt building but rather go into „hibernate“ mode : save, fearful of job loss, house loss, and rising real inflation on daily goods. This is bad for GDP and that's the only thing the Fed is selling—consumerism.



Likewise, the Banking and Financial sectors need to recover before any broad recovery can take hold—this is what we were told and held ransom to—the BIG BAILOUT must occur we were told ... only it seems to be dithering. The State in US, Euroland, everywhere is being forced into the LENDER of LAST RESORT—and the only weapon they have is to create money. The economists tell us it's not so bad — x% of total GDP is still „ok“ . Funny, those same economists never saw the coming Depression and biggest market crash since 1929. But things are different now we are told—the world is globalized, it's all ok, we have more „financial instruments“ to fight deep recessions...

Spain's Southern Coast ... Housing Bust

On my recent short sabbatical to the southern coast of Spain, I had the chance to simply relax for a week, enjoy some of the Winter sunshine and contemplate the markets. The current stock markets and overall economy are looking dreadful—ditto southern Spain. Once an enjoyable coast, it is now a jumble of overcrowded tourists, pensioners and overbuilt complexes. Don't get me wrong—it is still sunny, enjoyable for a holiday to soak up sun warmth and eat well... It was nice ... for a week. Yet the shine is most assuredly off—nearly every single block of houses or apartments was littered with **For Rent** and **For Sale** signs. A friend of mine living permanently down there stated that rents are falling and the Spanish owners are desperate to keep people in their premises. Others refuse and wait for their price to be met—they will never find anybody. The Costa Del Sol Bubble has burst—wrecks of buildings are unfinished, ugly and often illegal. Credit has dried up and tourism is dropping which leads to a poorer economy. I am sure it was nice 20 years ago down there for retirement ... but now it is another scarred landscape with little freshwater and where de-salination plants must be built to service the tourists... the north African Sahara desert is moving over southern Spain—desertification is taking place... The highlight of the trip was a trip up into the mountains, fresh air, and a view of North Africa and Gibraltar—The Pillars of Hercules.

Health Informant

A long time ago I had been a subscriber to Dr. Coleman's newsletter—sadly his newsletter is no longer available. I recently contacted Dr. Coleman to ask if I could share some of his wisdom and controversial articles with my readers. He agreed. To note: I receive nothing from him, in any way. I simply think he has a pretty good record of common sense even if he is said to be controversial—most free thinkers are. They called Nouriel Roubini „bonkers“ for calling this depression, ditto others. I don't agree with everything he writes—but I guess I could say that about most anybody in any field. The point is: if we want to learn new, refreshing and challenging ideas, you won't find it in mainstream media, usually.

→ <http://www.independent.co.uk/news/people/profiles/the-doctor-will-see-you-now-who-does-vernon-coleman-think-he-is-827603.html>

That's why I want to share new things with readers... that will also be the point of my upcoming broadcasts....



New Offering— Under Work but Coming Soon ☺

I have recently taken a new „adventure“ on board and have hired some engineers to help me setup the new „Invest Informant Radio“, or, GMR Podcasts. This should be a lot of fun and if you have any specific investment topics or issues, please let me know. Currently I am compiling a list of topics and people... email me : **editor (at) dinl.net**

Spanish Home Bubble Links

http://en.wikipedia.org/wiki/Spanish_property_bubble

<http://www.dinl.net/transporter/link.php?id=22489>

<http://www.dinl.net/transporter/link.php?id=15957>

<http://en.wikipedia.org/wiki/Desertification>

The doctor will see you now: Who does Vernon Coleman think he is?

I have recently been on a „slimming down“ diet and had found this article on „grazing“. I thought it was excellent and fits my eating style anyway ... so I contacted Dr. Coleman...

Health—The Final Word ... from Dr. V. Coleman

Warning: You should not begin any diet without first checking with your doctor. Successful dieting can affect your body in many ways and may alter your need for prescription drugs.

Nibbling: The Painless Way To Lose Weight Permanently

Eating three square meals a day is old-fashioned and bad for you. The healthy way to eat is to eat mini-meals - and to eat little and often. You probably think of it as nibbling. Marketing experts call it 'grazing' because it is the way that wild animals eat. Whatever you call it, eating numerous small meals is much better for you than eating just three big meals. Follow this regime and you will lose weight quickly, efficiently, painlessly and permanently - without taking tablets, performing exercises, spending money on special foods or feeling hungry.

Just look at the evidence:

* A group of doctors working in Canada have shown that nibbling is good for your health - and an excellent way to slim.

* Researchers at Tokyo Medical School have concluded that 'three meals a day are quite artificial'. They have pointed out that in contrast to big meals - which lead to fat storage - mini-meals are burned up as soon as they are eaten.

* Researchers in America have shown that slimmers can lose two to three pounds a week while grazing, even though they may be eating 300 calories a day MORE than slimmers on other diets.

* Tests in Wales have shown that one group of people who 'grazed' gained no weight while another group who ate the same food as three set meals gained up to ten pounds each in just three weeks.

* Research in Chicago showed that when young children are encouraged to 'graze' and eat mini-meals rather than eat big set meals they grow up slim and healthy.

Other studies have shown that if you nibble - instead of gorging yourself on three big meals a day - you will have lower cholesterol levels and be less likely to suffer from heart disease.

All the available evidence shows clearly that if you eat mini-meals whenever you are hungry your body will burn up the calories you consume. By spreading your energy intake throughout the day you won't ever feel hungry or faint. And you will be far less likely to put on weight than someone who eats three square meals a day.

Meals are bad for you.

Most of us eat at fixed meal-times. We eat at breakfast time, in the middle of the day and again in the evening. But as far as your body is concerned this is a bizarre, unnatural and thoroughly irrational way to eat. Your body doesn't just need food three times a day. It needs energy supplies all day long. By choosing to eat fixed meals you create problems for yourself.

Here are three reasons why you should never eat another meal again:

1. When you eat at fixed mealtimes you eat whether you are hungry or not. Instead of obeying your body's inbuilt appetite control centre you eat because the clock shows that it is time to eat. Your body's internal appetite control can make sure that you never get fat - if only you let it. But eating meals at fixed meal times means that your natural appetite control centre doesn't get a chance to work properly.

continued : Nibbling / Grazing

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2. When you eat at fixed mealtimes you tend to eat what is available, what you have prepared or what you have been given - whether you need it or not. It is easy to eat the wrong foods - and to eat too much.

3. Because you and your body know that it will be some hours before you eat another big meal there is a tendency to overeat. Your body then stores the excess food as fat so that you can live off the fatty stores while you are not eating. But because you probably nibble a little between meals your body will never need to burn up that stored fat - besides your next fixed mealtime probably comes just before your body starts burning up those stored fat deposits.

Meal times are not natural. They were invented because they just happen to fit in with the way most of us work and live. If you get most of your calories three times a day at fixed meal times then you are almost certain to end up overweight. Calories that aren't burnt up straight away will end up stuck on your hips. And however much you try to diet the chances are that you will fail.

The BEST way to slim successfully is to eat small amounts of food whenever you feel hungry.

Make meals a thing of the past! 'Grazing' is healthy. And it will help you stay slim.

And while you're changing your eating habits make a real effort to eat LESS. Most of us eat far too much - dangerously overloading our bodies!

Golden rule

If you are going to try my MINI-MEAL DIET there is one golden rule that you MUST remember:

ONLY EVER EAT WHEN YOU ARE HUNGRY

Every time you are about to eat ask yourself if you are genuinely hungry.

If you are then - eat!

But as soon as your hunger has gone - stop eating!

The MINI-MEAL diet depends heavily upon you learning to recognise when you are hungry - and being prepared to obey your body.

Silver rule

The MINI-MEAL diet will work best if you leave between 60 to 90 minute gaps between MINI-MEALS.

What can you eat?

Don't be worried or puzzled about what you can eat - and how you can eat a balanced diet without eating meals. There is no need at all to worry. The type of food you need to eat isn't going to change at all - just the way you eat it!

continued : Nibbling / Grazing

Twenty Sample Mini-Meals

1. Mixed vegetable soup (90 calories)
2. Baked beans on wholemeal toast (140 calories)
3. Raw carrot with dip (70 calories)
4. Small herb omelette (200 calories)
5. Tomato salad (30 calories)
6. Low fat yoghurt (70 calories)
7. Boiled egg with slice of bread (200 calories)
8. Raw apple (60 calories)
9. Salad sandwich on wholemeal bread (180 calories)
10. Slice of melon (15 calories)
11. Bowl of porridge (300 calories)
12. Corn on the cob (100 calories)
13. Vegetable pasty (230 calories)
14. Half a grapefruit (15 calories)
15. Bowl of cornflakes with soya milk (150 calories)
16. Fresh fruit salad (50 calories)
17. Spaghetti with tomato sauce (250 calories)
18. Baked potato with cottage cheese and pineapple (170 calories)
19. Grilled vegetable burger in bun (400 calories)
20. Two toasted muffins with honey (400 calories)

Bonus Number 1

The MINI-MEAL diet may help to lower your blood cholesterol level.

A recent American study showed that men who ate every hour (instead of three times a day) had lower blood cholesterol levels. In Canada researchers found that people who ate 17 (yes, 17!) snacks a day had less fat in their blood than people who ate identical food in three large, main meals.

Big meals stimulate the body to produce insulin to cope with the high blood sugar levels that follow. And the insulin stimulates the liver to produce cholesterol.

By lowering your cholesterol levels the MINI-MEAL diet may help to protect you against heart disease.

Bonus Number 2

The MINI-MEAL diet won't just help you get slim. Eating MINI-MEALS will also help you to live longer.

When you start eating MINI-MEALS you will soon find that you are fussier about what you eat - and you will eat only what your body needs.

By eating just what your body needs you will look younger, feel more energetic, feel sexier, avoid infections and diseases such as arthritis and live longer.

In Okinawa in Japan people eat just 40% less than other Japanese people - they also have lower rates of cancer, heart disease, diabetes and mental illness. And more people from Okinawa live to be 100 years old than from anywhere else in Japan.

More info at Dr. Coleman's website : www.vernoncoleman.com

Reducing your food intake will probably increase your life expectancy and reduce your susceptibility to illness.