



## Conference Call Summary

Announced: 8/5/09      Completed: 8/11/09

### Tip of the Iceberg / FMOC

#### CALL SUMMARY

- FOMC meeting – No raise in next meeting, but *must raise rates* by end of year to curb inflation – possibly see emergency meetings
- Obama has high spending plans, and Bernanke will raise rates to protect currency
- High levels of debt maturing – **64%** of corporate debt in the next 4.5 years. It's not the amount of debt that's concerning; it's the amount maturing in the near term.
- Spreads will increase by **200 – 800 bps** and corporate refinancing will hurt bottom lines
- Stimulus packages are a failure
- Proprietary *Cost of Capital Model* indicates negative income for consumer and corporations and resulting negative equity markets. The new **Cost of Capital Index (CCI)**, is currently at -5, which historically has been a leading indicator of equity movements.
- Inverted Curve Projection – (**7.5% fed fund by 2Q 2011**)

#### REITERATE

- DJIA 6300 by October 30<sup>th</sup>
- DJIA will hit 4200 by second quarter 2011
- Unemployment rate which will reach 14-16% in 2010
- Flight to Quality – Treasuries will be king again
- Oil will hit \$30/barrel in 2010
- Gold \$700/ounce by 2010
- Sell rallies and move to short term fixed income. Don't try to call bottoms and tops
- 30 year Treasury 2.75% by end 2010

We appreciate your business and we will continue to have conference calls that are timely and will assist you in growing your business.