

Forecasts & Strategies for 2010: Dangers and Opportunities

By Mark Skousen
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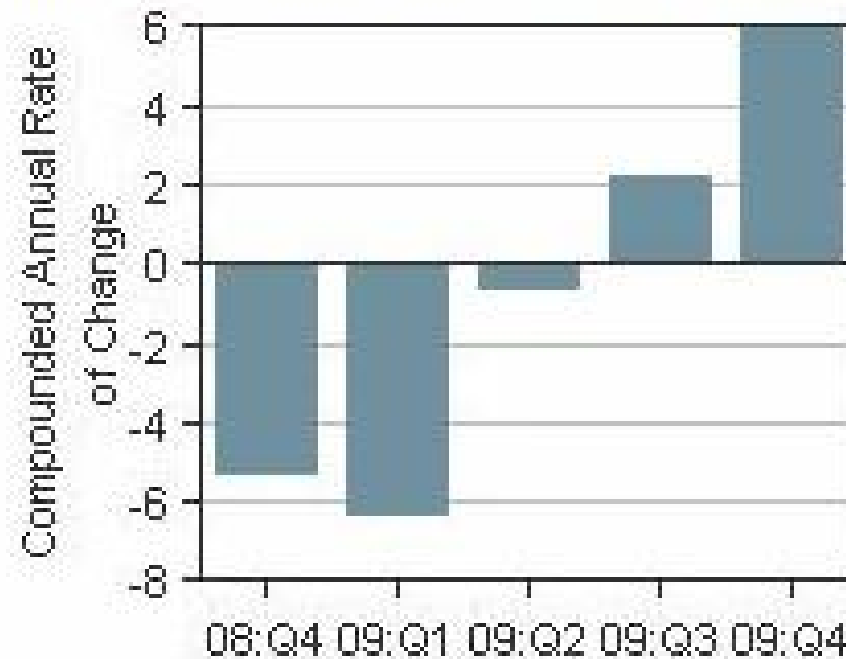
“We have outlived the short-run and are suffering from the long-run consequences of [Keynesian] policies.”

-- Ludwig von Mises

Final Output (GDP), 2008-09

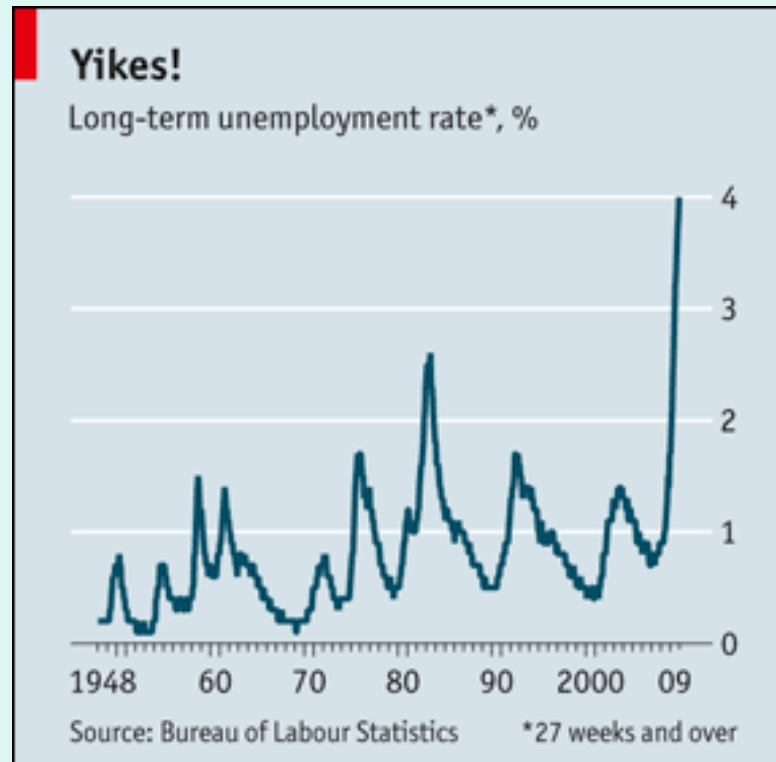
U.S.	ST. LOUIS		
GDP	CPI	AMB	M2

Real Gross Domestic Product - Quarterly



"The Jobless Recovery" -- The curse of long-term unemployment

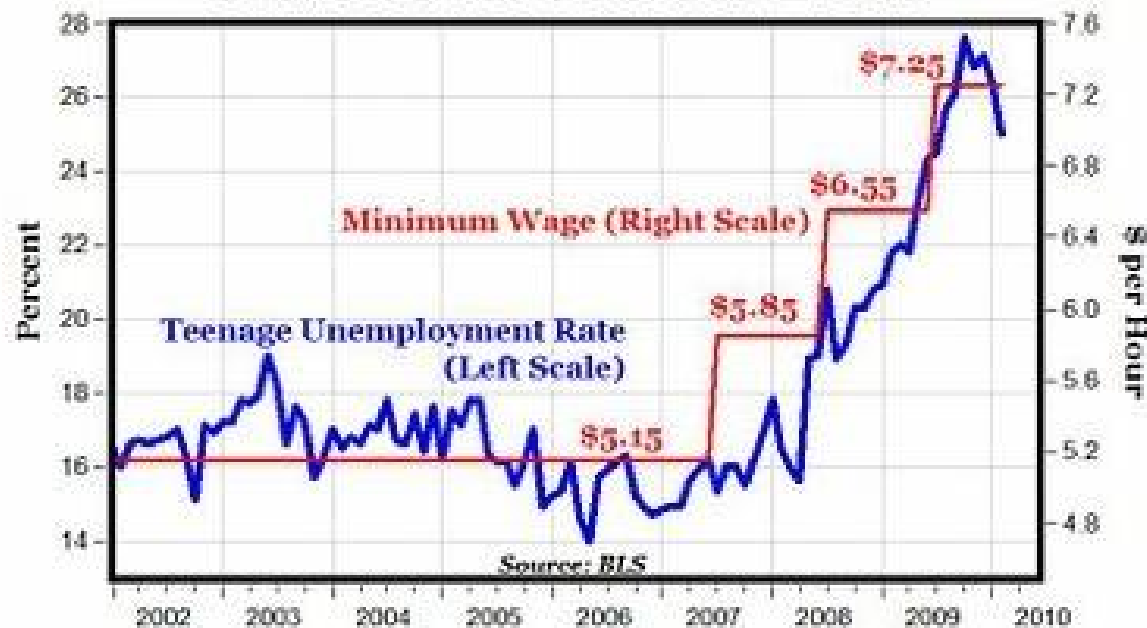
The Economist: January 14, 2010



THE 2000s -- "The Noughts," some call them -- turned out to be jobless. Only about 400,000 more Americans were employed in December 2009 than in December 1999, while the population grew by nearly 30 million.

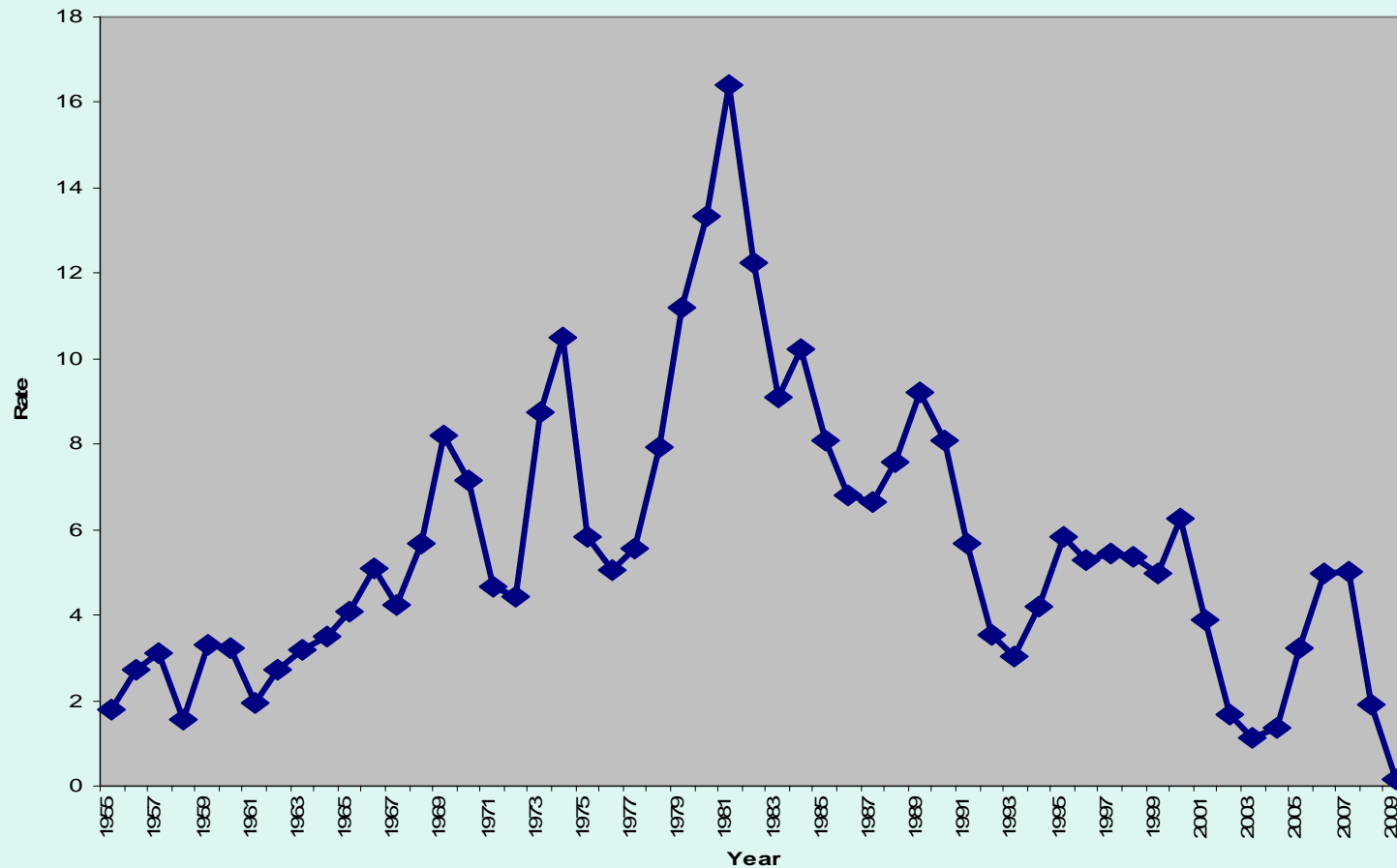
Teenage Unemployment vs. Minimum Wage

**Teenage Unemployment Rate vs. Minimum Wage Increases
Jan. 2002 to Feb. 2010**



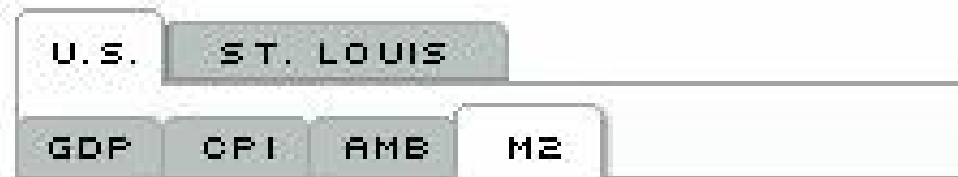
Short-Term Interest Rates: The Price of Money

Historical Chart of the Effective Federal Funds Rate



Source: Federal Reserve Bank

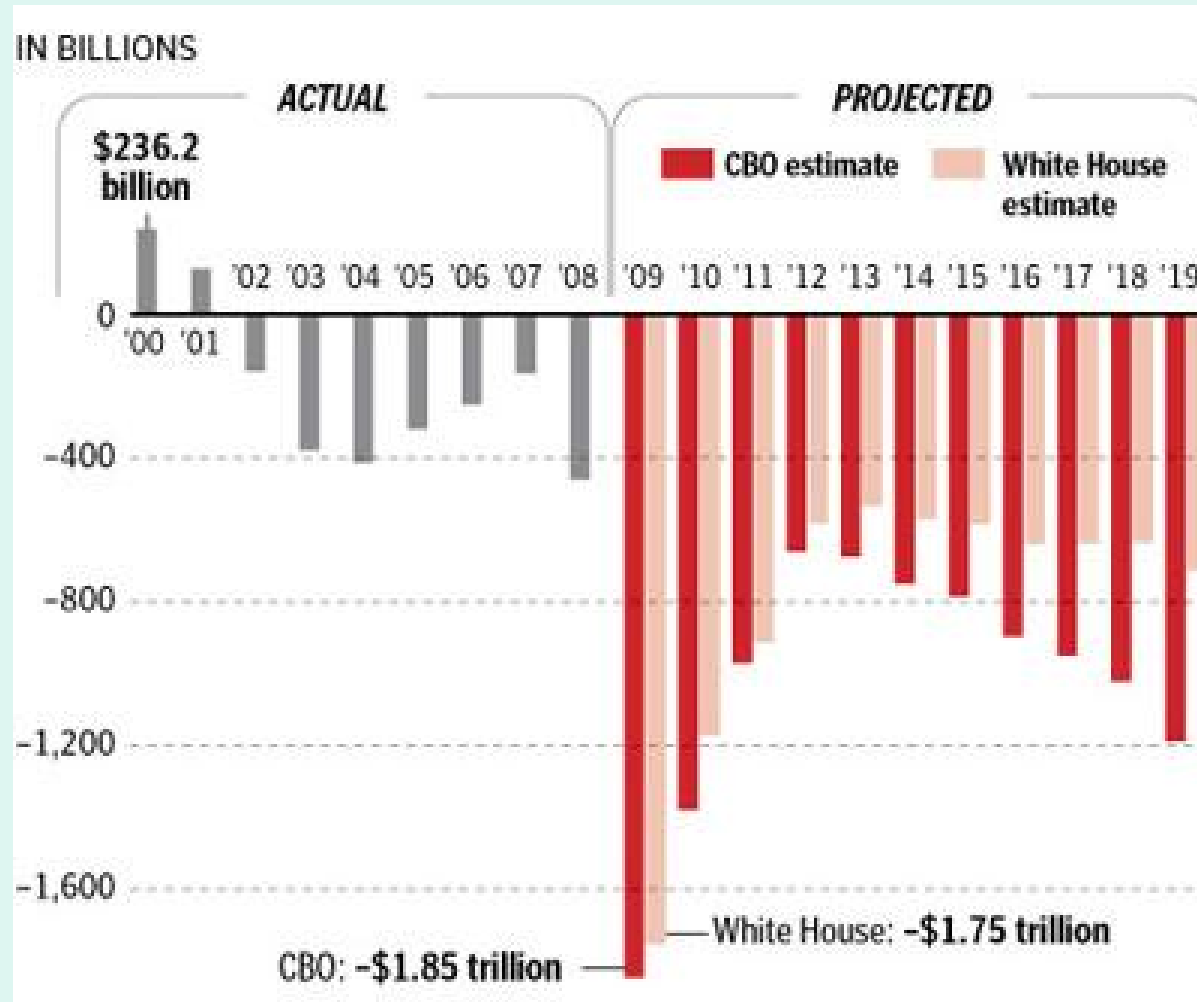
The Supply of Money (M2)



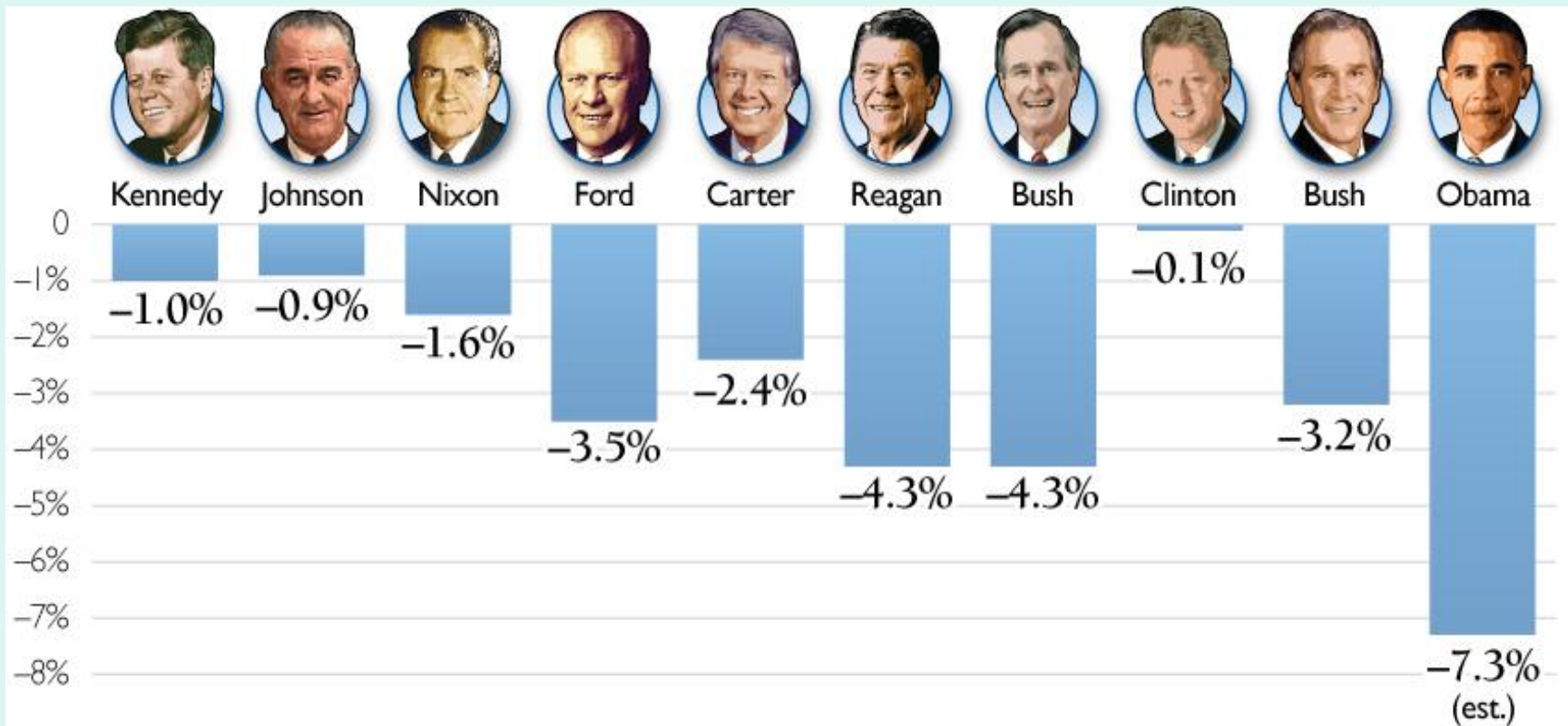
U.S. Money Supply - Weekly



Out-of-Control Deficit Spending



Change You Can't Believe



Growth in Federal Government Employees

Federal Government Employees January 2002 to January 2010



Who said this?

"I am pro-growth. I am a fierce advocate of a thriving, dynamic free market."

- A. Milton Friedman
- B. Ronald Reagan
- C. Glenn Beck

Answer:



"I am pro-growth. I am a fierce advocate of a thriving, dynamic free market."

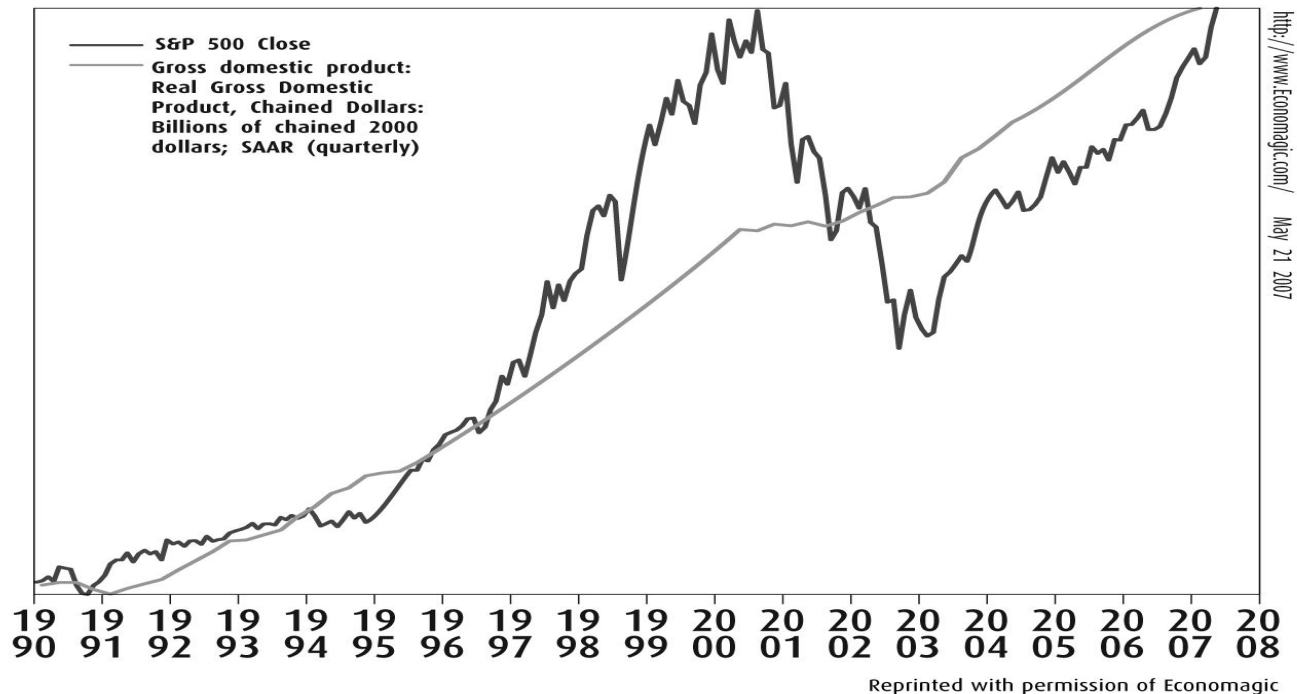
-- President Barack Obama
February 22, 2010 cover
Business Week

"You would be hard-pressed to identify a piece of legislation that we have proposed out there that, net, is not good for business."

INVESTING IN ONE LESSON

"Wall Street Exaggerates Everything."

Figure 1. S&P 500 TOTAL RETURN AND REAL GDP, 1990–2007



The business of investing is not the same as investing in a business.

Ideal Investment Portfolio for 2010

- 40% stocks and mutual funds (domestic & foreign)
- 50% high-income stocks, ETFs, and closed-end funds
- 10% natural resources and precious metals

Foreign and Domestic Economies



My Top Seven High-Income Investments for 2010

1. Aberdeen Asia-Pacific Income Fund (FAX)



My Top Seven High-Income Investments for 2010

2. Annaly Capital Management, Inc. (NLY)

ANNALY CAPITAL MANAGEMENT INC
as of 10-Mar-2010



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My Top Seven High-Income Investments for 2010

3. Western Asset Global Partners Income Fund Inc. (GDF)

ANNALY CAPITAL MANAGEMENT INC
as of 10-Mar-2010



My Top Seven High-Income Investments for 2010

4. Alpine Total Dynamic Fund (AOD)

ALPINE TOTAL DYNAMIC
as of 10-Mar-2010



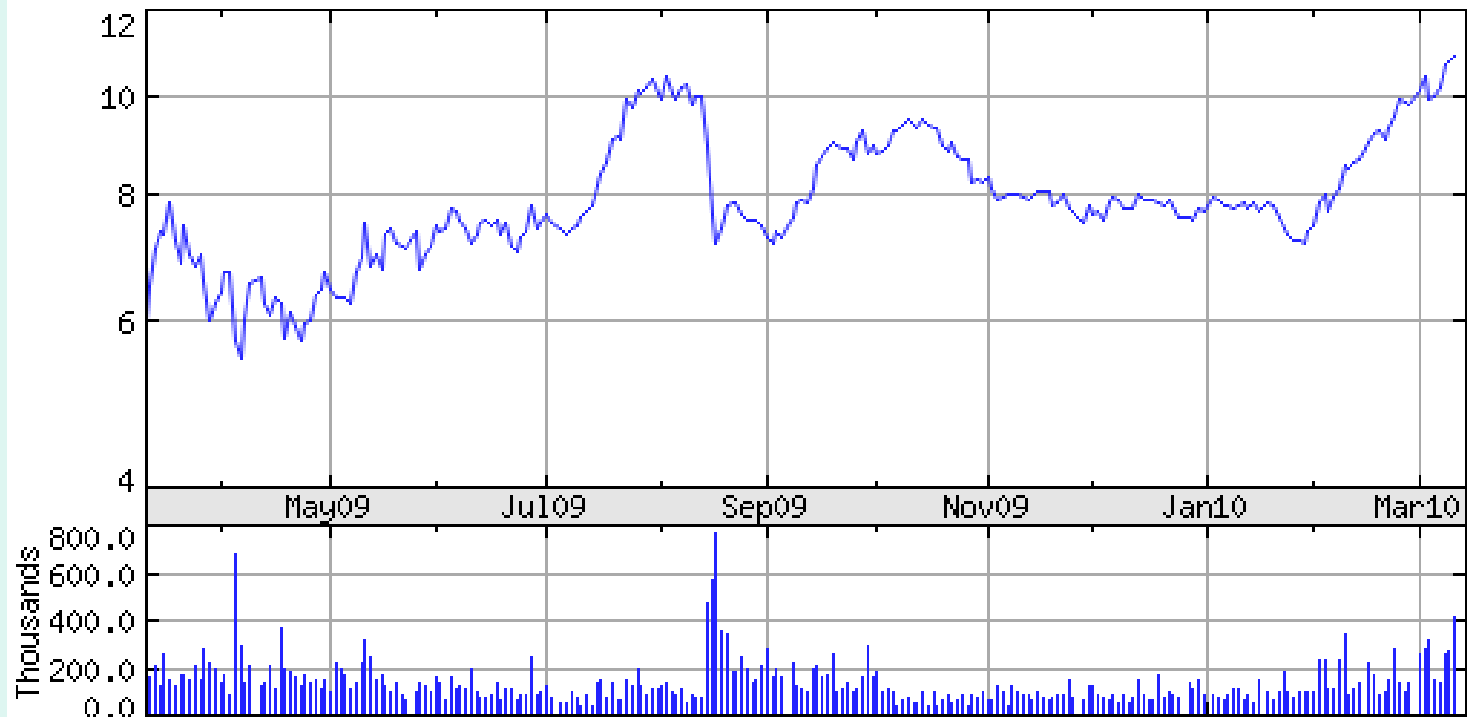
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My Top Seven High-Income Investments for 2010

5. Gladstone Capital Corporation (GLAD)

GLADSTONE CAPITAL CP
as of 10-Mar-2010



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My Top Seven High-Income Investments for 2010

6. Enerplus Resources Fund (ERF)

ENERPLUS RES FD TR UTS SER G
as of 10-Mar-2010

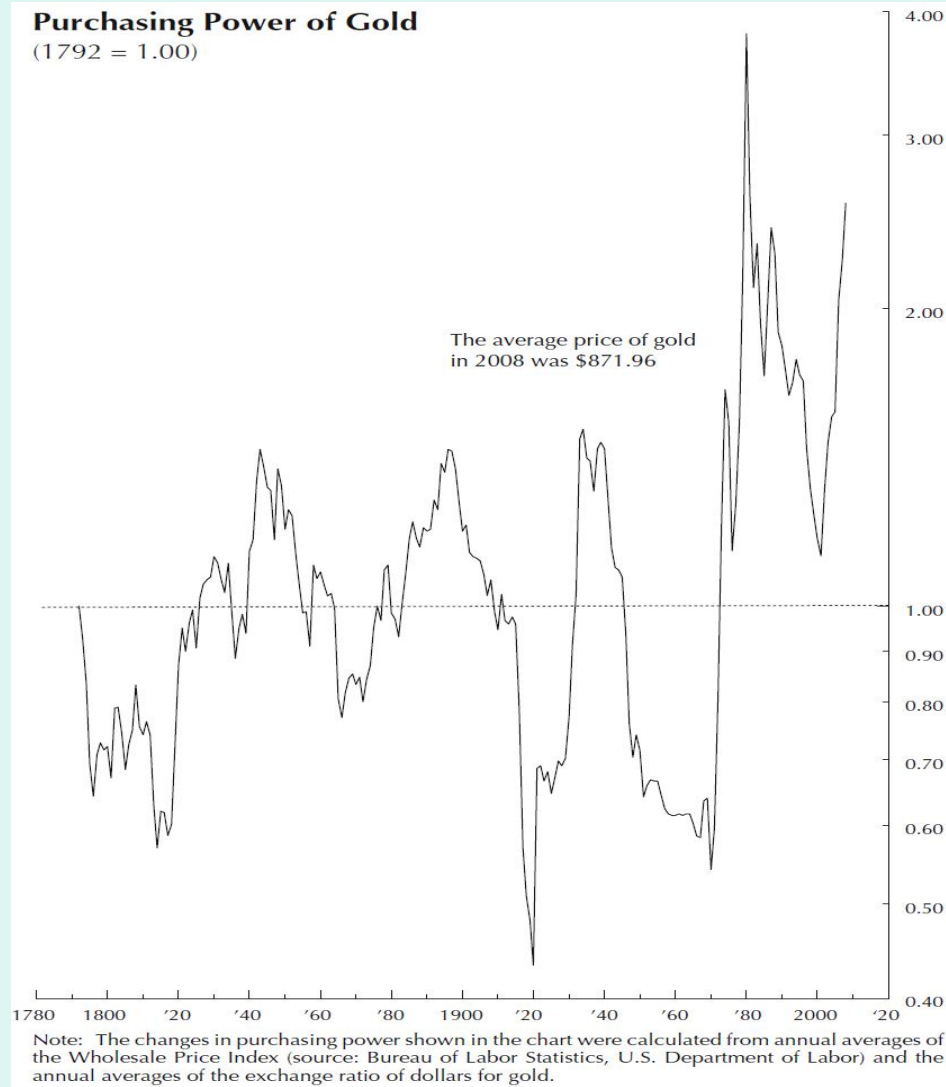


My Top Seven High-Income Investments for 2010

7. Enterprise Products Partners LP (EPD)



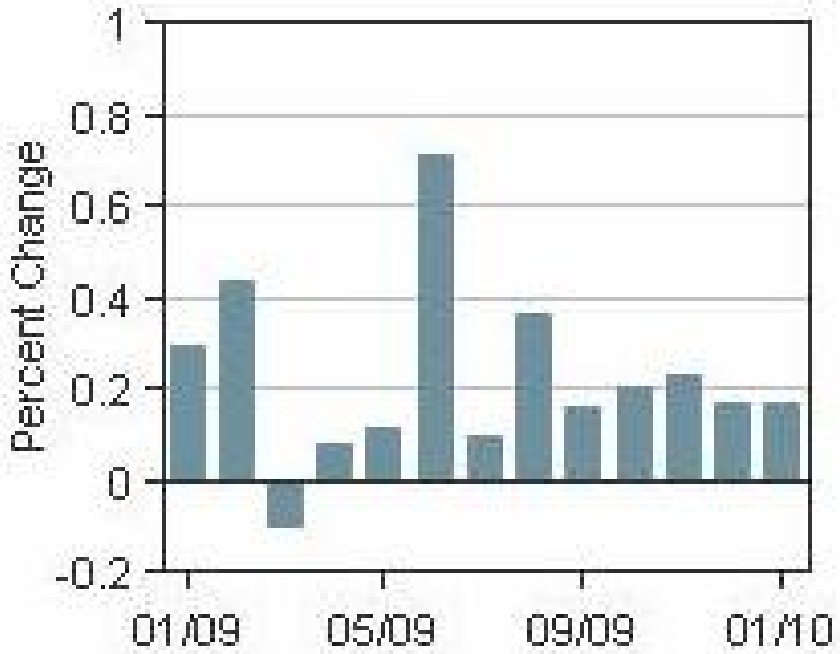
Purchasing Power of Gold



Consumer Price Inflation



Consumer Price Index - Monthly



A Tale of Two Dollars: Fiat Dollar vs. Silver Dollar, 1960-2010

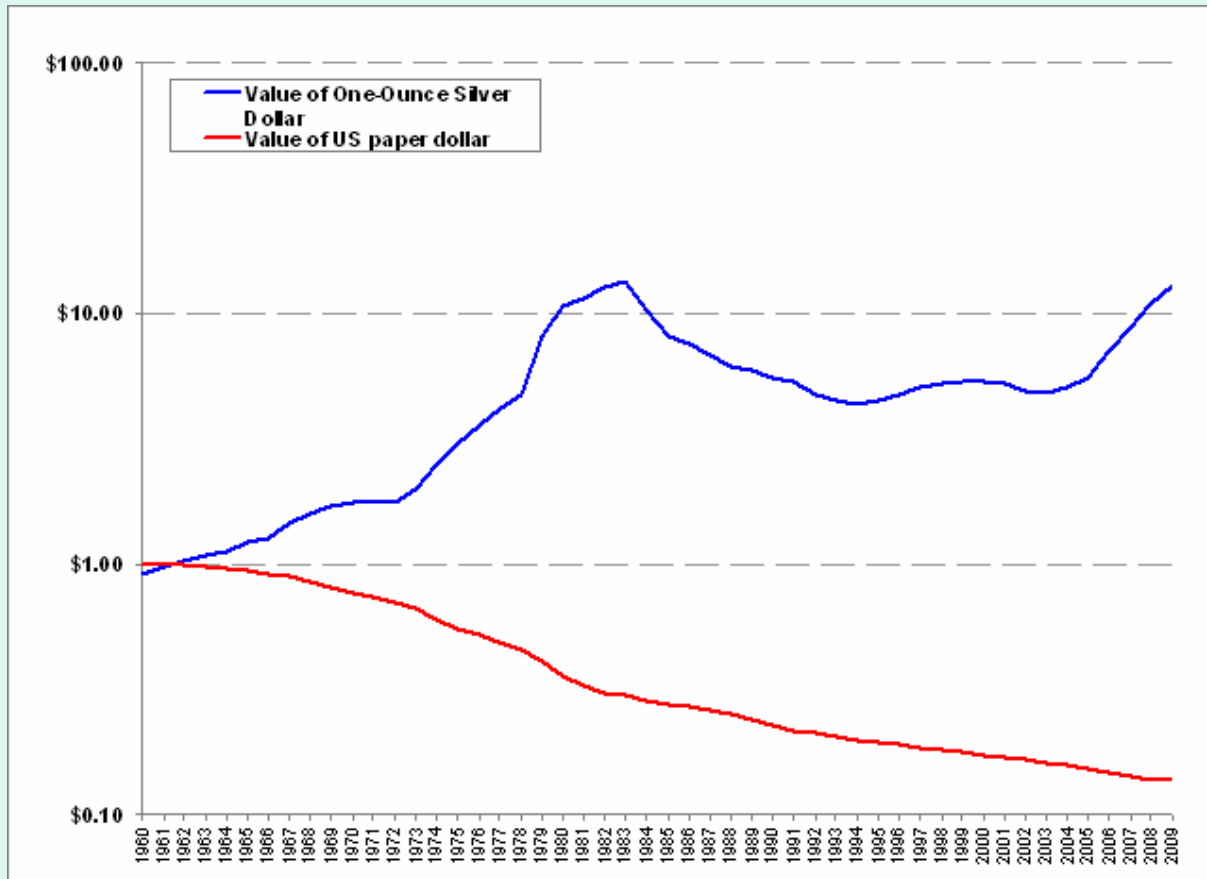


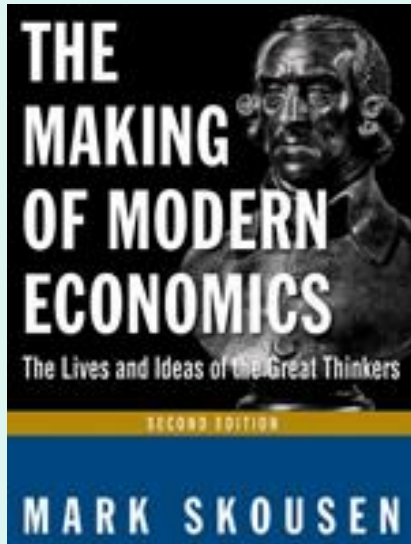
Figure 1. The purchasing power of two types of dollars, 1960-2010

"A Tale of Two Dollars," by Mark Skousen. Available from Investment Rarities, 1-800-328-1860, or free with a subscription/renewal to Forecasts & Strategies, 1-800-211-7661.

- “Little else is required to carry a state to the highest degree of opulence but peace, easy taxes, and a tolerable administration of justice.”
- “The uniform, constant, and uninterrupted effort of every man to better his condition . . . is frequently powerful enough to maintain the natural progress of things toward improvement, in spite both of the extravagance of government, and of the greatest errors of administration.”

-- Adam Smith, “The Wealth of Nations” (1776)

"THE MAKING OF MODERN ECONOMICS" WINS CHOICE BOOK
AWARD FOR 2009



**The Making of Modern Economics: The Lives
and Ideas of the Great Thinkers, Second
Edition**

Authored by: Mark Skousen

Choice Outstanding Academic Title

"Mark's book is fun to read on every page. I have read it three times, and listened to it on audio tape on my summer hike. It deserves to stay in print for many decades. I love this book and have recommended it to dozens of my friends."

-- John Mackey, CEO/President, Whole Foods Market

Contact information

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Las Vegas

www.FreedomFest.com

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