Commercial Corp Finance

www.go-ccf.com
566 W. Lake Street, Suite 3-W, Chicago, IL 60661
Gary S. Meyers, President
GMeyers@CommercialCorpFinance.com
Direct: 847-580-4260 Private Fax: 847-557-1260
Commercial Corp Finance,
D/B/A of Gary Meyers Realty, Inc., founded 1977.
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THE MEYERS REPORT

by Gary S. Meyers and Robert Genetski, Ph. D.

Our Hero, Leszek Balcerowicz

Leszek Balcerowizc is not as well known as Michael Jordan, or even Yogi Berra. But his impact is lasting longer than either sports legends. Balcerowizc is the financial MVP of the healthy Polish economy and other EU economies that followed his financial style.

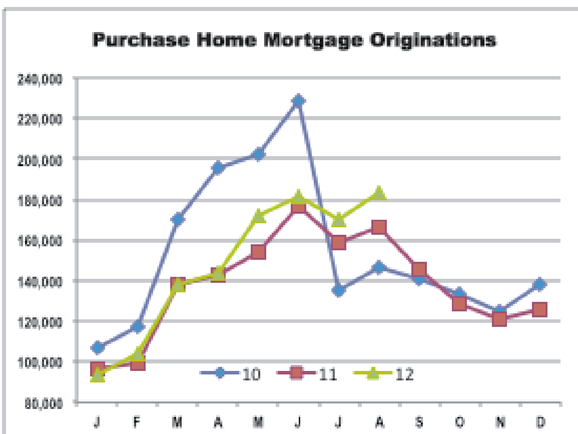
When Poland was freed from the financial and political collapse of the Soviet Union, it was Balcerowizc that instituted tough policies that brought about a rapid financial recovery. It was his policies that enabled Poland to avoid the financial bubbles that hit some countries in the 1990s and everyone in the 2000s, but allowed Poland to thrive when other European economies are stagnating.

It also is a contrast between the PIGS (Portugal, Italy, Greece and Spain versus the BELLs (Bulgaria, Estonia, Latvia and Lithuania). The PIGS are struggling with stagnated economies, high unemployment, too much debt and addicted to too much government spending and hyper-high taxes—all of which are smothering growth. The BELLs are the opposite, but had two advantages. First, the BELLs lived under Communist rule and knew from experience that the "nanny" state does not work. Second, even if they would have gone the PIGS' route, the EU denied them bailout money, so that they had to go it alone. They had to make the tough economic decisions. They underwent short-term economic pain so that they could eventually recover, which they did dramatically.

Under the financial management of Balcerowicz, Poland underwent "shock therapy" to kill hyperinflation. Balcerowizc forced Poland to make a debt effective ceiling part of their new constitution, thereby permanently handcuffing the free spenders. From 2001-2007, Balcerowicz served as central bank governor in Poland and maintained tight fisted fiscal policies that enabled Poland to avoid the financial run up and bubble of 2007 and the recession of 2009.

This same concept enabled Germany to recover 10 years ago from being the "sick man" of Europe to being healthy today and to be the big dissenter in the EU that wants to follow a policy of enlarging government control, like the US is doing.

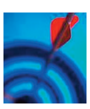
Right now, Fed Chairman, Ben Bernanke is printing money and spending more than he prints. We must remember that there are historic precedents for great government spending. Think of the Soviet Union, Mao's China, Cambodia, and ANY state that proclaimed that government knew more than its own people. As for Bernanke and his policies, our opinion: Bernanke is no Balcerowizc.



New Home Purchases On a year-over-year basis, 2012 is better than 2011, at least through August, the latest figures available from CoreLogic. Graphic by The Meyers Report.

HUMOR

Just after the Christmas holiday, two retirees were having coffee at a local diner. "I got the best Christmas gift ever — the finest hearing aid money can buy," said Bob. "What kind is it?" his friend asked. "It's 2:30," replied Bob after looking at his watch.



We are pleased to report that we accurately forecast in our January 9, 2012, newsletter that the world would not end on Mayan December 21, 2012. In celebration, our newsletter crew will be taking off next week. So, our next edition will be out on Monday, January 7, 2013, with a review of our 2012 forecasts followed by our 2013 predictions. We wish everyone a prosperous and safe New Year.

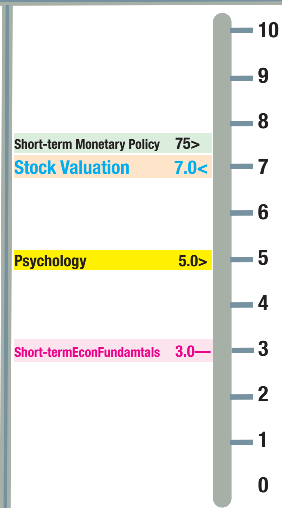
THE MEYERS REPORT Economic Notes

Where The Nation's Largest State GDPs Stand

Rank	St.	GDP ($Mill)	% of nation	Pop. (mill.)	GDP/ /cap.	Rank /cap.
1	Calif.	$1,936,400	13.34	37.3	51,914	12
2	Tex.	$1,307,432	7.95	25.1	45,940	24
3	N.Y.	$1,156,500	7.68	19.4	57,423	7
4	Fla.	$754,000	5.20	18.8	40,106	40
5	Ill.	$644,200	4.44	12.8	50,328	15
6	Penn.	$575,600	3.97	12.7	45,323	25
7	N.J.	$497,000	3.42	8.8	56,477	8
8	Ohio	$483,400	3.33	11.5	42,035	33
9	Va.	$427,700	2.95	8.0	53,463	9
10	N.C.	$407,400	2.81	9.5	42,884	31
11	Ga.	$403,100	2.79	9.7	41,711	35
12	Mass.	$377,700	2.60	6.5	58,108	6
13	Mich.	$372,400	2.57	9.9	37,616	42
14	Wash.	$351,100	2.42	6.7	52,403	10
15	Md.	$300,000	2.07	5.8	51,724	13
16	Ind.	$267,600	1.84	6.5	41,169	36
17	Minn.	$267,100	1.84	5.3	50,396	14
18	Ariz.	$261,300	1.80	6.4	40,828	39
19	Col.	$259,700	1.79	5.0	51,940	11
20	Wis.	$251,400	1.73	5.7	44,105	29
21	Tenn.	$250,300	1.72	6.3	39,730	41
22	Mo.	$246,700	1.70	6.0	41,117	37
23	Conn.	$233,400	1.61	3.6	64,833	4
24	La.	$213,600	1.47	4.5	47,467	21
25	Al.	$174,400	1.20	4.8	36,333	46
26	Ore.	$168,900	1.16	3.8	44,447	27
27	S.C.	$164,300	1.13	4.6	35,717	48
28	Ken.	$161,400	1.11	4.3	37,535	43
29	Okla.	$160,500	1.11	3.8	42,237	32
30	Iowa	$147,200	1.01	3.0	49,067	19
31	Kan.	$128,500	0.89	2.9	44,310	28
32	Nev.	$127,500	0.88	2.7	47,222	23
33	Utah	$116,900	0.81	2.8	41,750	34
34	Ark.	$105,800	0.73	2.9	36,483	45
35	D.C.	$104,700	0.72	0.6	174,500	1
36	Miss.	$98,900	0.68	3.0	32,967	51
37	Neb.	$89,600	0.62	1.8	49,778	17
38	N.M.	$75,500	0.52	2.1	35,952	47
39	Hi.	$68,900	0.47	1.4	49,214	18
40	W.V.	$66,600	0.46	1.9	35,053	49
41	Del.	$62,700	0.43	0.9	69,667	2
42	N.H.	$61,600	0.42	1.3	47,385	22
43	Idaho	$54,800	0.38	1.6	34,250	50
44	Me.	$53,200	0.37	1.3	40,923	38
45	R.I.	$49,500	0.34	1.1	45,000	26
46	Ark.	$45,600	0.31	0.7	65,143	3
47	S.D.	$39,900	0.27	0.8	49,875	16
48	Wy.	$38,200	0.26	0.6	63,667	5
49	Mont.	$37,200	0.26	1.0	37,200	44
50	N.D.	$33,400	0.23	0.7	47,714	20
51	Vt.	$26,400	0.18	0.6	44,000	30

Robert Genetski's Weekly Financial Update & Stock Impact Gauge

	Fundamental	Actual	Immediate Outlook
Fixed-income: 10-yr Treas.	5.0	1.80	neutral
Equities: S&P 500	2000	1444	slight bias to downside
Equities: Dow Jones	16,000	13,312	slight bias to downside



Ratings for	10 is best
forces	— means no change
impacting	> change for better
stocks	< the other direction

Political games continue while the economy continues to move along at the same pace as during the past year.

Market Outlook Stock prices moved higher this past week with the broader indexes increasing about 2%. The Dow trailed with a gain of roughly 1%. Gains occurred in spite of a lack of meaningful compromise on upcoming tax hikes.

Technical indicators continue to improve. During the past week all major stock indexes followed the overall market index with 10-day averages moving above 50-day averages. Trading volume remains inconclusive. Technical indicators continue to point to a least neutral position with respect to stocks.

In spite of more encouraging technical signals, I continue to recommend a slight tilt toward a defensive position. My recommendation is based on the view that even when there is an eventual agreement, it will include far more tax increases than currently expected. If I'm right, this will be a negative for both the economy and the stock market. In spite of psychology that argues for at least a neutral position in stocks, I recommend maintaining a slightly negative bias to stocks.

Longer-term Treasury interest rates have joined corporate rates with momentum shifting in an upward direction. Given the artificially low level of interest rates, any upward momentum in rates is a source of concern.

Nonetheless, the main driver of longer-term interest rates will be the stock market. If stocks move lower reflecting concern over higher tax rates, long term rates will also move back down