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 Provides Real Estate Consulting and Lending Service.  
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## THE MEYERS REPORT Economic Notes

### FORECASTS for the Markets 2012.

- **Dow to climb** (was 12,035) by 15% or more (to 14,000), could be higher.  
 ✓ **RESULT:** Close. Dow rose 11.94% and hit 13,667 October 5, 2012.
- **S&P 500 up** to 1,440, or higher. (It was at 1278.)  
 ✓ **RESULT:** S&P 500 index rose 13.36% and hit 1476 on September 14, 2012.
- **NASDAQ up** 20% or more to 3125, or higher. (It was at 2674.)  
 ✓ **RESULT:** NASDAQ rose 15.99% and hit 3183.95, September 14, 2012, and Closed 2012 at 3112.
- **Gold** would climb to \$1,800. (It was at \$1615.)  
 ✓ **RESULT:** Gold prices hit \$1792 on October 4, 2012.
- **Silver** was \$28.85/oz., would climb to \$33 or more; should stay below \$45.  
 ✓ **RESULT:** Silver prices hit \$37.23 on February 29; it settled at \$32.38 on December 18.
- **Oil** (WTI was \$98.83) is going to \$115-\$120, with Brent (was \$101.56) going to \$125.  
 ✓ **RESULTS:** Close, WTI hit \$108.82 on March 1.  
 ✓ Brent hit \$125.05.82 on Mar. 15th.
- **The U.S. dollar** will gain against Jap Yen to go to 88.5 or higher. USD vs. Euro should improve to 1.25 or better.  
 ✓ **RESULTS:** USD vs Yen hit a high of 88.8450 on November 23.  
 ✓ USD vs Euro opened 2012 with 1.2961, and reached a high of 1.3487 on February 25.
- **Treasuries** 1st through 3rd quarters: 10-year range: 2.01 to 2.30%. 2-year range: 0.2 to 0.55%. 90-day ranging 0.3 to 0.5%.  
 ✓ **RESULT:** The 10-year stayed at 2.05% through most of April and averaged 1.8% for the year.  
 ✓ The 2-year was at 0.28% for the year.  
 X The 90-day averaged 0.09% for the year, below the forecast range.

## Case in point ...

**Challenges:** Bring long-term money to a rural market in south central Missouri when all national lenders looked away from this and other tertiary markets. The only capital available was short-term from local banks. Worse yet for the borrower, most all of the banks were at their lending limits, or were out of meaningful lendable funds, but \$18.3 million was needed.

**CCF Action:** After four rejections by HUD, CCF and their correspondent, CCF used detailed market research and reason, was able to prove that the market had powerful hidden strength that not only justified the loan, but also showed financial opportunity.

**Conclusion:** CCF closed the \$18.3 million non-recourse, multi-family apartment loan with a rate of 3.1%, fixed for 35 years. CCF didn't take no for an answer.

**BOTTOM LINE**  
 Call CCF 224-715-5555.

# THE MEYERS REPORT

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

## Forecasts for 2012 Reviewed

Our January 9, 2012, edition had more than 40 forecasts for the 2012. While some things forecast still wait for final numbers, here's how we did on others.

**FORECAST** Mayan calendar 12-21-2012 end of world would not occur.

✓ **RESULT:** We're still here and they're not.

### FORECASTS for the Economy and Indicators.

• **Real GDP** will be stronger and grow 3.00-4.00%.

**TBD RESULT:** Q1 & Q2 were 2% and 1.2%, but Q3 was 3.1%. Q4 looks strong, less Sandy.

• **CPI** stay modest for now at 2.0%-3.00%, varying throughout the year.

✓ **RESULT:** Eight of last 12 months CPI stayed in 2%-3% range, the remaining time was 1.8%.

• **Home prices** will take a hit the first half and experience a light recovery of 1.5% during the 2nd half.

✓ **RESULT:** Case Shiller reported Q1 down 1.57%, and up 3.4% from April through Oct.

• **Consumer spending** should increase by 3.0%-4.0%.

✓ **RESULT:** Spending was up 3.5% in November year-over-year.

• **Personal income** (without inflation) up 3.0%-4.0%.

✓ **RESULT:** It was up 3%-4% most of the year.

• **Unemployment** better, then into the high 7% range by year end.

✓ **RESULT:** Unemployment dipped and finished at 7.9% in November.

• **Auto industry sales** will be 10% higher than 2011.

✓ **RESULT:** On 12/3/2012, Bloomberg reported car and light truck sales up 9.8 percent for 2012.

• **Pipelines.** In addition to the Keystone Pipeline running through the center of the country from Canada, there will be a second pipeline (the Enterprise Pipeline), running 1200-miles down the East Coast to the Gulf states. These will get media coverage.

✓ **RESULT:** Pipelines are sprouting throughout the major energy corridors and are driving natural gas prices sharply lower.

• **Labor union membership** will remain level with no significant increases or decreases.

✓ **RESULT:** Yes, through August, held steady at 52%.

• **Anti-union legislators** in Ohio will be tossed out of office,

X **RESULT:** Only 3 months after repealing "Right to Work," Ohioans changed their view. Ohio elected a state Senate that was 15-3 Republican, a state House that was 60-40 Republican, U.S. Congressmen 11-3 Republican. Yet the state went for Obama(?).

• **Anti-union legislators** will not be forced out in Wisconsin.

✓ **RESULT:** Governor Scott survived recall vote.

• **Indiana** will pass stringent anti-union legislation, but no one will care.

✓ **RESULT:** Indiana voted "right to work" legislation on Feb. 1, 2012. (Reuters)

• **U.S. energy industry** will to continue to expand with market forces overcoming EPA restrictions. Energy and energy technology will become an even greater force in U.S. economic expansion.

✓ **RESULT:** Yes, during 2012 the US became a significant energy exporter. By year end, our energy independence seems to be inevitable. Private enterprise overcame enormous efforts of the EPA.

• **Banking reserves** will have continued very rapid growth, more than 10%.

✓ **RESULT:** Nov bank reserves up 12% from year ago.

• **Gasoline prices** (were \$3.30) will be between \$3.75 and \$4.00 at the pump by April. Increases in gasoline taxes.

✓ **RESULT:** Gas prices peaked at \$3.936 on April 5 and 6 (CNNMoney, May 10, 2012)

• **Home mortgage rates** (30-yr. Fixed was 3.89%) to rise slightly to 4.0-4.5%.

✓ **RESULT:** Close. Rates rose slightly to 4.08% on March 22, held steady and then fell to 3.35% by December.

(Forecasts for 2012 Reviewed continued under Economic Notes at left. Forecasts for 2012 Reviewed will be continued in next week's newsletter.)

## H U M O R

"New Year's Day now is the accepted time to make your regular annual good resolutions. Next week you can begin paving hell with them as usual." — Mark Twain

## Robert Genetski's Weekly Financial Update & Stock Impact Gauge

	Fundamental	Actual	Immediate Outlook
Fixed-income: 10-yr Treas.	5.0	1.90	heading higher
Equities: S&P 500	2000	1459	heading higher
Equities: Dow Jones	16,000	13,391	heading higher

As expected, Friday's job numbers show little change from the subdued growth of the past year.

**Market Outlook** Stock prices soared this past week with major indexes up roughly 2%-4%. The Dow trailed all performers with a gain of just over 2%. The leader was the Russell 2000 (IWM) with a gain of 4%. The overall market rose 3%.

The upward move followed agreement to avoid most of the scheduled increases on tax rates. To a large extent, the initial surge in stock prices represents a relief rally. Without an agreement massive tax hikes would have created a serious disruption to the economy.

The next move for the markets will depend on where the economy is headed in the wake of current policies. Tax and regulatory policies remain destructive. However, monetary policy has recently turned more expansive and is likely to provide a tailwind that helps lift stock prices in the weeks ahead.

Technical indicators are positive with 10-day averages remain well above the 50-day averages for all major indexes. In addition, the latest surge in stock prices was on above-average volume.

Longer-term interest rates rose in response to the latest surge in stock prices. The momentum for both stock prices and interest rates is in an upward direction. I expect this upward momentum to continue in the period immediately ahead.

