Commercial Corp Finance

www.CommercialCorpFinance.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.
Provides Real Estate Consulting and Lending Service.

Issue date: March 26, 2012

THE MEYERS REPORT

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

Economic Anomalies Part of Policy

Generally, the economy continues to show signs of getting better, but there are holes. What we need is the government to allow the recovery to occur.

There were several significant developments this past week. The most significant was the release of the House Republican budget plan. The plan anticipates reducing federal spending by roughly $150 billion between now and 2014. The House plans to spend $400 billion less than the President in 2014. The House Budget cuts tax rates while the President's budget increases them dramatically. By 2014 the President anticipates collecting $400 billion more revenue than the House budget.

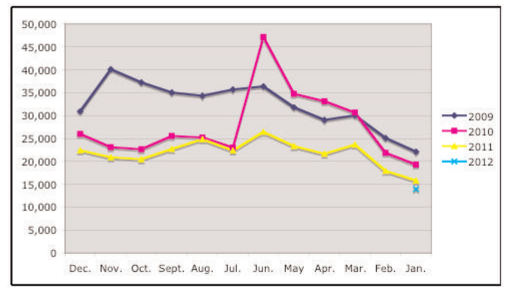
Increasing tax rates and federal spending has been tried before. It has always succeeded in crippling the private sector and raising unemployment. If the President's plan is carried out, the US recovery will be cut short and the economy will experience a serious recession. In contrast, the House plan would produce faster growth and lower unemployment. The coming election will dictate the economy's direction.

A Look Ahead There are two potentially significant economic releases due this week. The first is Wednesday's report on new orders for durable goods. Orders were reported down sharply in January. The decline offset exceptional increases toward yearend.

While there could be additional weakness in February's report, other data show orders remain strong. The new order components of the ISM surveys for March were all positive. Any potential report of weakness in February orders is likely to be temporary.

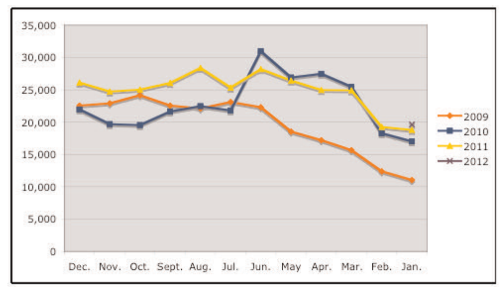
The report on February consumer spending should be interesting. The report for January showed spending at a sluggish 3% annual rate. This appears inconsistent with many other reports including February retail sales. Expect consumer spending and income in February to be more in line with other economic numbers, showing increases at close to a 5% annual rate in the current quarter.

Overseas. In contrast to the President, UK leaders presented a budget of tax cuts. Although the UK budget is not as growth-oriented as the House budget, it's a step in the right direction instead of the wrong one.



New Homes Sales

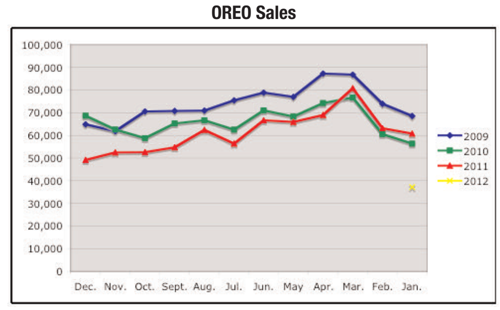
New home sales. Results for new home sales was not very good, according to data giant, San Francisco-based CoreLogic. January reports show just under 14,000 sales across the country, versus 15,800 for 2011, 19,300 for 2010, and 22,100 for 2009, respectively. This is a four-year straight trend decline for January. Monthly comparisons year-over-year also showed similar declines.



Short Sales

Short sales, where lenders allow properties to be purchased for amounts lower than their outstanding mortgages, continue to increase each month—when compared to the same month of the previous year. January 2012 saw 19,650 short sales compared to 18,800 in January 2011, 17,000 in 2010, and 11,000 in 2009. This may not be a bad thing, as it appears that banks finally are more willing to deal with a residential real estate that is underwater. This is necessary for the residential real estate market to recover.

OREO Sales

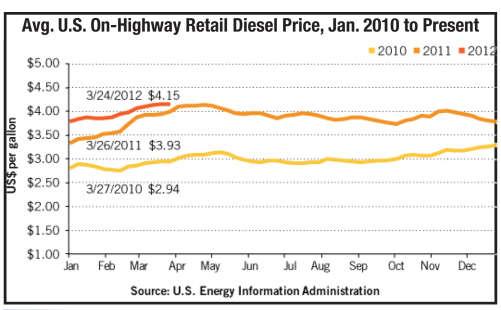


THE MEYERS REPORT Economic Notes

Auto sales are one sign of an improving economy, with February sales hitting a four-year high. On a year-to-date basis, the top ten manufacturers saw sales increases averaging 15.72% through the end of February, 2012. Their industry suppliers also say that their activity is increasing in all areas, with steel plants going several months out to produce sheet metal for cars.

The "big three" U.S. manufacturers, General Motors, Ford and Chrysler, captured a 45% market share. The biggest February winners were GM with 209,000 vehicles sold, followed by Ford, with 178,000 units, followed by Toyota USA with 159,000 and Chrysler with 134,000.

Freight shipping by truck. The volume of freight shipment from February was up 22% over January however this was 6% lower than last year, according to Portland, OR-based freight shipping experts, Transcore DAT. February truck capacity rose 6.2% over January and was up 40% over a year earlier. Industry numbers and costs are being negatively impacted by fuel costs that are "up 2.8% compared to the previous month and are up 10% compared to February 2011," reported Transcore DAT.



HUMOR

A cocky state highway employee stopped at a farm and told the farmer, "I need to inspect your farm for a possible new road." The farmer said, "OK, but don't go in that field." The highway employee said, "I have the authority of the State to go where I want. See this card? I am allowed to go wherever I wish on your farm." So the farmer went about his chores.

Soon, he heard loud screams and saw the highway employee running for the fence. Running close behind was the farmer's prize bull and gaining on the employee with every step!!

The farmer called out, "Show him your card!"

Robert Genetski's Weekly Financial Update & Stock Impact Gauge

	Fundamental	Actual	Immediate Outlook
Fixed-income: 10-yr Treas.	5.0	2.29	heading higher
Equities: S&P 500	2000	1393	heading higher
Equities: Dow Jones	16,000	13,046	heading higher

Stock prices declined this past week amid concerns of a slowdown in the US, China and Europe. Europe is contracting and growth in China is slowing. However,there should be sufficient growth in both China and the US to allow both economies and their stock markets to continue to recover.

Market Outlook Stock prices moved higher than lower this past week. With the sole exception of the NASDAQ all of the major indexes ended the week down 1%-1½%. The NASDAQ ended modestly higher.

With the exception of the NASDAQ all indexes moved below their 10-day averages. On the positive side, all major indexes remain above their 50-day averages. Trading volume this past week was consistent with a healthy market. Trading volume increased on up days and decreased on down days.

From a technical standpoint the stock market weakness this past week appears to be part of a normal flow in an upward moving market. So long as the upward momentum remains intact I continue to recommend equity portfolios maintain a maximum exposure to stocks.

Stock Valuation 9.5—
Short-term Monetary Policy 8.0—
Psychology 5.7—
Short-termEconFundamtals 4.0—

10 9 8 7 6 5 4 3 2 1 0

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

Long-term interest rates moved sharply higher earlier in the week as stock prices rose. Once the market turned south, rates reversed direction. They ended the week right about where they were a week ago.

Movements in longer-term interest rates are tied to movements in stock prices. Movements in stocks, in turn, are tied to perceptions regarding the economy. I strongly suspect the Fed's easy money policy will continue to bolster the economy. As it does, stock prices and long-term interest rates can be expected to move higher.