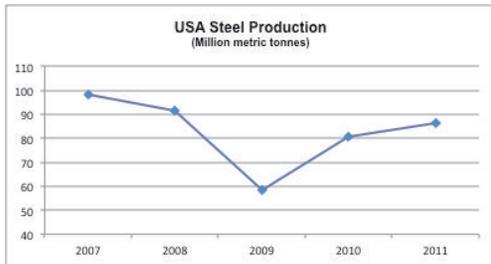


THE MEYERS REPORT Economic Notes



The Chinese Factor The US steel industry is coming back after hitting a low in 2009, because of Chinese dumping. The Obama administration in 2009 and 2010 interceded and got the Chinese to stop. As a result, the US steel is coming back strong. However, the Chinese have their excess steel being stored in plants and on ships with no place to go. Their likely (read hopeful) customer is India, which itself is resistant, because they do not want their own steel industry destroyed and they do not have the demand.

HUMOR If you want to watch the world pass you by, try driving the speed limit.

The biggest room anyone has, is the room for improvement.

Asking a stupid question is better than repairing a stupid mistake.

Case in point ...

“In addition to providing financing, CCF solves problems. The only thing that slows them down is a client who withholds or imparts inaccurate information. When my clients were in trouble, they brought more resources to the table than I knew existed with any one organization—and they did it quickly. My clients were astounded by the CCF team’s tenacity, dedication, and achievements.”

I. J., referring real estate attorney for group of clients

Challenges: Foreclosure, Diverted Funds, Personal Guarantees, Expired TIF, Expired Approved Land Plan, Engineering Problems, D.O.T. Permits Non-Existent, Local Municipal Officials Angry.

CCF Action: In 10 working days over the Christmas and New Year holidays, CCF analyzed the property and market conditions with their engineers and real estate market researchers. Simultaneously, CCF examined all entitlements and TIF agreements with their associated land use legal team, came up with a plan, and met with the lead bank on January 2nd. Almost immediately, the bank slowed and then stopped all foreclosure efforts.

Conclusion: In under a year CCF: arranged for the bank release of all clients in the group and their respective personal liabilities; negotiated the property sale to a new buyer and shifted the liability of the second mortgage holders to the new property buyer; and influenced the attitude of the municipality from resentment to full cooperation.

Bottom Line:
Call CCF 224-715-5555.
Chicago, IL

THE MEYERS REPORT

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

Not All Bad News

On July 16th, we held one of our periodic economic review teleconference. On the call were experts in heavy industry and energy, banking, residential and commercial real estate, retail, and government regulatory activities. (Note: E-mail us if you would like to participate in the next one.) While the news for the most part was grim in the short-term, there was one lone positive view. All however, shared a long-term view of an American economy that eventually could recover and that could do so strongly.

The major short-term contrarian in the group was Paul Valente, on heavy industry and energy. “The oil and petrochemical industries are the future of the US. For production, the Bakken Field alone will have over 48,000 wells, which will use a lot of steel,” said Valente. “Other big oil plays include Eagle Ford (TX) and the Monterey (CA) Basin with its estimated 300+ billion barrels in recoverable clean crude on a quality equal to the Bakken. Our total US reserves are great-

er than 3 times that of Saudi Arabia. The big sleeper is the Nevada Basin, which could be bigger than all of the other oil fields; however, the Nevada Basin is 18,000 feet down through hard rock. The only country that has the technology to do this is the USA.”

Long-term the outlook was nothing but positive. Look for our petro chemical industries to grow and produce consumer products with less focus on burning fossil fuels. Technology will drive consumer products, and durable and industrial goods, particularly steel. Our technology will maintain and increase product quality, while reducing production costs everywhere. This is the key. Our productivity and lower product failure rates combine to make us more competitive with low-cost labor countries. However, we need a level trading field and a regulatory environment that is motivated more by logic and less than political objectives.

Where We Stand: The Steel Industry

“The steel industry has orders booked through the end of the year for every ton of steel that they can produce. Our quality is good to excellent and getting better. On a scale of 1 to 10, our quality and production capabilities are 8.5. (The best in the world is Germany at 9.0,)” Valente estimated. Below is a comparison of the 25 top steel-producing nations and “Where We Stand” in comparison.

2011 Crude steel production (million metric tonnes)					
Country	Quality	Prod./yr.	%/World	Notes	
World	1,490.1	100.00%			
1. China	6.5	683.3	45.86%	Focusing on exports. Domestic quality is lower and has risks of failure.	
2. Japan	8.5	107.6	7.22%	Export and domestic quality are the same.	
3. USA	8.5	86.2	5.78%	Export and domestic quality are the same.	
4. India	5.0	72.2	4.85%	Focusing on exports. Domestic quality is lower and has risks of failure.	
5. Russia	8.0	68.7	4.61%	Domestic quality is better than their exports, which have risks of failure.	
6. So. Korea	8.5	68.5	4.60%	Export and domestic quality are the same.	
7. Germany	9.0	44.3	2.97%	Export and domestic quality are the same.	
8. Ukraine	7.0	35.3	2.37%	No real exports, rebuilding their infrastructure.	
9. Brazil	7.5	35.2	2.36%	Export quality has issues, domestic better.	
10. Turkey	7.5	34.1	2.29%	Country to watch. Probably the first true Muslim capitalist democracy.	
11. Italy	8.0	28.7	1.93%	Quality is good, production slow. Export quality, particularly to 3rd world.	
12. Taiwan	8.3	22.7	1.52%	Export and domestic quality are the same.	
13. Mexico	7.3	18.1	1.21%	Exports very little.	
14. France	8.3	15.8	1.06%	Export and domestic quality are the same.	
15. Spain	8.1	15.6	1.05%	Export quality sometimes slips, particularly to 3rd world.	
16. Canada	8.5	13.1	0.88%	Export and domestic quality are the same.	
17. Iran	??	13.0	0.87%	??	
18. U.K.	8.4	9.5	0.64%	Export and domestic quality are the same.	
19. Poland	7.8	8.8	0.59%	No real exports. They are rebuilding and will become an economic power house. Has coal, shale and iron, can be industrially and energy independent.	
20. Belgium	8.6	8.1	0.54%	Export and domestic quality are the same.	
21. Austria	8.6	7.5	0.50%	Export and domestic quality are the same.	
22. Holland	8.7	6.9	0.46%	Export and domestic quality are the same.	
23. So. Africa	8.7	6.7	0.45%	No real exports.	
24. Egypt	7.7	6.4	0.43%	No real exports.	
25. Australia	8.5	6.4	0.43%	Export and domestic quality are the same.	

Data: Wikipedia. Quality estimates: Paul Valente and The Meyers Report

Robert Genetski's Weekly Financial Update & Stock Impact Gauge

	Fundamental	Actual	Immediate Outlook
Fixed-income: 10-yr Treas.	5.0	1.51	neutral
Equities: S&P 500	2000	1377	neutral
Equities: Dow Jones	16,000	12,943	neutral

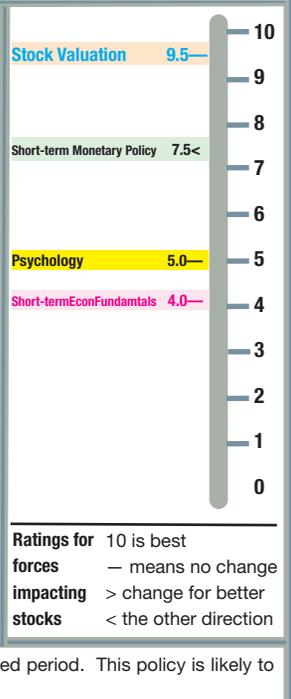
Economic numbers continue to suggest the economy is growing at a very slow pace. Stock prices are getting closer to breaking out from a progressively tighter range.

Market Outlook The directionless pattern of stock prices continued this past week. A week ago the market hit the rising bottom line of a symmetrical triangle. This past week the market rebounded and closed Thursday at the upper declining line of the triangle. If the market moves through the upper line of the triangle it would represent a positive technical move.

With the 10-day average moving above the 50, there is already a positive tone to the market. A further move, particularly if accompanied by higher volume, would justify moving from neutral to a fully-invested position in stocks.

Until there is such a move, I'm sticking with my view that the market lacks direction. This implies a neutral weighting for stocks.

Interest rates on 10-year Treasury Notes remained relatively stable near 1.5%. However, corporate rates continued to move lower, hitting record lows. The fixed income market is being dominated by the Fed's pledge to maintain low rates for an extended period. This policy is likely to keep rates close to current levels for the period immediately ahead.



Stock Valuation 9.5

Short-term Monetary Policy 7.5<

Psychology 5.0

Short-term Econ Fundamentals 4.0

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