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Structural Weakness of the US Dollar. The Dollar Rally will not last

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Every important factor we see is working against the dollar and we believe that trend is irreversible. That means the present dollar rally probably cannot endure and it could well be the time to short the USDX.

Most observers discuss Europe's problems and the plight of the euro, pound, and the Danish and Swedish koronas. They believe these European currencies will plunge lower versus the dollar and that the dollar will maintain, even after a dollar rally from 74 to 81 on the USDX. As we have said before the euro was unnatural creation born of a desire to usher in a world currency. As we shall see in the future the euro will fail. In spite of that the dollar is certainly no bargain, because next year America will be totally bankrupt. As a result of the terrible conditions among currencies, gold makes great gains. Last year and so far this year gold is up 10% to 24% against many major currencies. This kind of action of course proves again that gold is the world's strongest currency. We might add here that we believe that it is only a matter of time before the LBMA, or Comex, or the ETFs, GLDs and SLVs are enveloped in scandal. As so often has happened in history fiat currencies have collapsed. Thus, it will happen again. Those of you not in gold and silver related assets will lose most of what you have worked for your entire lives.

The collapse of currencies and nations won't happen overnight, because their demise has been planned, and a subtle collapse is in process. Our guess is that next year is when the collapse will finally take place followed by one of the greatest deflationary depressions of all time. During the last 2-1/2 years all the toxic investments have been and will continue to be transferred from the Illuminist banks, brokerage houses, insurance companies and transnational conglomerates to the public. The Federal Reserve is the repository for this junk, which includes Treasuries and Agencies. That means the public foots the bill. Every government and bank in the world will be affected. This magical game of 3-card-Monte will never work and the Illuminists know it won't work. That is why they have war on demand to distract the public and to escape punishment for the devastating thing they have brought upon mankind. What we are facing is as bad if not worse than the collapse of the Lombard system in Venice in 1348, the year of the plague and the collapse of the Hanseanic League in the 1600s, the creation of the Medici's. For starters we already have 19 bankrupt or near bankrupt major countries and many others that will be pulled into the vortex of financial and economic calamity. In each country we see the Illuminists doing their evil work, legends in their own minds, in a system that they know cannot survive. They are waiting for orders to pull the plug in each and every country. These masters of the universe all know that prosperity cannot be created by printing money and issuing credit indefinitely. They know full well that such a system cannot survive.

Overall the issuance of bank credit declined $470 billion, or about 5% y-o-y. Loans to individuals and small to medium sized companies fell some 20%. We do not interpret this as deflationary, but it sure doesn't reflect a growing economy. These small to medium sized companies are the ones that create 80% of the jobs. Fed mantra has been save the banks and NYC and then we'll see what we can do for the 21-1/8% of unemployed. At the same time Fed holdings of MBS was $69 billion. Today it is $1.027 trillion. This was not done to save the public or their homes, but to bail out banks and allow the taxpayer to pay for it.

The sales of bonds are booming at record low interest rates. Buyers obviously think rates are going to stay low forever. Just last week investors bought $2.6 billion in global bond funds. This has been going on for more than a year. Buyers are left with slight gains and small yields, risks hardly worth taking. At the same time gold and silver and related shares rose more than 24%. What could they be thinking about? In the meantime debt prices have held in spite of the disruption in Europe over Greece and the euro. Then the international elitists oversubscribed Greece's bond offering by three times. The yield was 6-3/8%, but Greece is bankrupt and has been for years.

All this considered inflation is still strongly in place at least for another year and perhaps beyond. A lot depends on how quickly, financial conditions deteriorate among the 19 nations, in the financial system. All indications are that liquidity is being removed. If this continues one year to 1-1/2 years down the line things will freeze up.

Presently the dollar carry trade moves relentlessly onward, but not at its previous pace. A higher dollar impedes such activity. This is why presently the 19 current basket cases can continue to float along. There is still plenty of liquidity out there.

Just to show you how far from the world of reality the Fed is, last week Fed of Richmond President Jeffrey Lacker told us the central bank was being made a scapegoat to satisfy anger over bailouts as Congress seeks to limit its consumer-protection and bank-supervision powers. This just doesn't wash. There is no question that the Fed was at the center of the problem. It blatantly was to save the financial sector and screw the public.

We conclude that the Fed will continue to provide low interest rates and vast liquidity to the US and world financial systems. The Volcker Rule" will be used to deflect criticism, but little will change unless we can get rid of the Fed. The excesses and bubbles will go on unless the Fed is disarmed. What is really distressing is that none of the financial media, nor alternative media, points out that the Fed is at the root of this credit crisis. They caused it and it was done deliberately.

The idea of too big to fail will persist even after any deflationary collapse. Nothing will change unless the elitists want it to change – the concept is at the base of power in the financial world. This finance bubble can only be disrupted by the failure of national economies. There are 19 in that position presently, and what it boils down to is whether and when these elitists want to pull the plug on liquidity and seriously want to enter a deflationary era. For the time being, over the next 18 months, inflation and perhaps hyperinflation will prevail. Politicians are 90% in the pockets of these people, so unless we can unseat more than half of the incumbents in Congress, the elitist grip on our society will prevail. In the meantime it is inflation and or hyperinflation followed by deflation this year and next year.

As a result investors are in a tear again buying stocks and bonds with obviously little fear of any consequences. They have forgotten what we just went through and the chance of that reoccurring is excellent. They are of course in league with those who are doing "God's work." This is representative of those on Wall Street, who said they could not have seen what was coming. They made billions of dollars and walked away from destroying our economy scott-free. These people are not stupid, thus, they are liars, gloating over their riches and how the public cannot touch them because they own the politicians, regulatory agencies and the courts.

Greece and 18 other countries have financial problems, but just as much in trouble are the states – some 40 of them. The states cannot print money, so they'll have to face the music. They'll all have to face austerity, which is the anti-thesis of growth, which creates a death spiral and perpetual recession or depression. The only alternative, short of a deflationary depression, is to expand money and credit.

The dollar rally we have seen over the past couple of months could soon be coming to an end, as world deflation reasserts itself. The surge and undertow of deflation has to be met with ever more inflation to offset it. The bubbles that fueled inflation, the stock market of the late 1990s and the real estate bubbles are long past gone. All that is left is massive credit.

Just as in the 1930s the Federal Reserve will eventually take us into a deflationary depression. That is what Greece was all about. The table is being set for the end of inflation probably within the next two years.

We see a general contraction of credit worldwide and unless reversed the inevitable will unfold. What is even more dangerous than in the 1930s is the enormous leverage that exists today. When this come down it will be with a thundering roar. That is because few have the ability to pay. It is totally inconceivable that the US government can pay back its liabilities. That means that other nations that hold 60-1/2% of their foreign exchange in US dollars will take tremendous losses from which they won't easily recover. China and Japan, along with Middle East oil producers, will take unbelievable losses. All creditors will be big losers.

In this wringer no nation seems to want to reduce spending or is prepared for any kind of austerity. Greece is a good example. Each day sees more and more demonstrations. No one wants to take the economic and financial pain. The good days are supposed to go on endlessly. Not only does the public not want reduced employment, but they also do not want increased taxation. What is extremely interesting is that those in charge of monetary theory at the Fed know that monetary inflation does not work. They also know that the minute they can no longer control deflation with inflationary monetary policy the game is over. The Fed and other central banks are currently playing a very dangerous game. That is keeping inflation up, but only enough to stop hyperinflation. This is like sitting on the edge of a knife. One false move the game is over. Global credit is evaporating and the Fed and others are attempting at the same time to remove some of the excess in the system. We do not think it will work. If it does not work it is depression for many years to come.

As this transpires lending to individuals and small and medium size businesses have fallen some 16% to 20% dependent on whose figures you use. On a national basis credit, some $700 billion to $1 trillion has been lost.

If you put this all together you will find that the only logical outcome can be devaluations, multilateral debt default and a deflationary depression. That is ultimately where we are headed and where we have always been headed.

Last week the Dow gained 2.3%; S&P 3.1%; the Russell 2000 6% and the Nasdaq 100 3.8%, all on a doctored employment report. If the Dow does not break out to new highs shortly it is liable to descend downward fairly quickly. Banks rose 2.4%; utilities 2.8%; high tech 3.6%; semis 3.7%; Internets 4.8% and biotech 12.7%. Gold bullion rose almost $15.00, the HUI gained 6.1% and the USDX stalled at 0.46.

Two-year Treasury bills rose 8 bps to 0.81%; the 10-year notes rose 7 bps to 3.68% and the 10-year German bunds rose 5 bps to 3.15%.

The Freddie Mac 30-year fixed rate mortgage rates fell 8 bps to 4.97%. The 15’s fell 7 bps to 4.33% and One-Year ARMs jumped 12 bps to 4.27%. The 30-year jumbos fell 1 bps to 5.87%.

M2 narrow money supply rose $10.3 billion to $8.537 trillion. Total money market fund assets rose $1.7 billion to $3.168 trillion.

We have only seen three other reports that have expressed a similar outcome. One has seen deflation for ten years and they finally will be right, the other two are recent. A few months ago when we wrote of deflation over the next couple of years and when we spoke of it as well on radio, we were attacked for such utterances. We have known what the end game has been for 50 years. Few others have. Almost all never saw and still do not see the Illuminists final solution to bring about world government. If you do not understand that you can never grasp the true situation and its logical conclusion. Most who eventually understand will be too late. The remainder will never know what hit them. All currencies are linked to the US dollar and there lies the word’s weakness. As the dollar goes, so does all other currencies, especially in view of the fact that nations have far less gold today than previously, if any at all. We really do not have any idea what gold reserves are, because they all lie about everything. This is why we expect multilateral devaluation and debt settlement as well as tariffs on goods and services. We expect that charge to be led by England as they break away from the European Union.

China is taking its own course, and will continue to dump dollars as best they can. They see trade tariffs on the horizon. China is now challenging Japan in trade, as the US acts in its own interests against both countries. Due to their large dollar denominated holdings the US dollar has to head lower as US debt continues to pile up, only to be monetized. US, Wall Street, banking and government just do not care. They just keep running up debt, running the economy and finances into the ground. Due to this course of action over the past 25 to 30 years they have now made China, Japan and others into adversaries. Next comes the big fall in the dollar and sometime over the next two years the multilateral devaluations and defaults. Foreigners hold $3.3 trillion in US debt and the US is going to get a good part of it back, which will push the country into bankruptcy.

The US is in a box and they cannot get out. There is no viable exit other than bankruptcy. This is why you have to have gold and silver related assets. It is impossible to pay off debt. This time it is really different. Based on history America is financial toast. The path for destruction was set on August 15, 1971, when America fled the gold standard. It took 38 years but it is time to pay the piper.

US Treasuries and other national government debt are “the most dangerous market there is” and investors should avoid the securities because of governments’ excessive borrowing, Dan Fuss, vice chairman of investment manager Loomis Sayles, told Reuters on Tuesday.

“The most dangerous market there is national government debt because the borrowing doesn’t seem to be ending soon — and it’s not just a US phenomenon,” Fuss, who helps oversee more than $142 billion in assets at Boston-based Loomis, said in an interview.

Fuss added he thinks that the Federal Reserve — the US central bank — will not raise short-term interest rates for all of 2010.

US Senator Scott Brown, driving past neat rows of palm trees and haciendas, brought his political star power to Arizona yesterday to join his senior colleague Senator John McCain at a campaign rally that featured strongly worded denunciations of the Democrats’ proposed health care plan.

If the sight of a freshman senator from Massachusetts arriving to burnish the conservative credentials of the GOP’s 2008 presidential nominee was somewhat jarring, so too were the swarms of Phoenix residents seeking Brown’s autograph in a crush after the rally.

“I’m honored to be in Antelope country!’’ Brown told a crowd of about 1,000 in the gymnasium of Grand Canyon University, a nondenominational Christian school whose sports teams are known affectionately as the ’Lopes. [I guess we now know where Brown is coming from.]

The thawing of the credit markets in 2009 spawned record debt sales as companies sought to ensure they had enough capital to run their businesses and meet their debt obligations. Corporate bond sales worldwide climbed 31% to $3.04 trillion and issuance of high-yield, high-risk securities — the most lucrative market for underwriters — ballooned by 181% to $207 billion. Both set records. The new bond issues earned bankers $18.8 billion in fees from debt underwriting, a 31% increase over 2008 and equal to the record set in 2007.

The Federal Deposit Insurance Corp. sold $1.81 billion of debt backed by mortgage securities, as it seeks to raise cash after the worst financial crisis since the Great Depression.

The rise of carry trades, in which investors take advantage of interest-rate differences between countries, may signal bigger swings in currencies during crises, the Bank for International Settlements said. Variations in interest rates played a larger role in the latest financial turmoil than in either the Asian financial crisis of 1997-1998, or following the Russian debt default in 1998. That may reflect the ‘increasing role carry trades play in exchange rate movements,’ it said. ‘This factor may have changed the dynamics of exchange rates around crises more generally, affecting a broader set of currencies and leading to more pronounced swings in exchange rates during and after crisis episodes,’ the BIS said.

Fannie Mae and Freddie Mac bondholders shouldn’t assume the government will make them whole on their investments as Congress retools the companies, House Financial Services Committee Chairman Barney Frank said. Please don’t think this is federally guaranteed, I don’t think it is, I don’t think it should be, I don’t feel any obligation to bail you out, Frank told reporters. Congress will ‘certainly not’ extend any new protections to bond and mortgage-security investors beyond what exists, Frank said. A ‘whole range’ of options is being considered for investors in the two government-seized companies, from paying nothing to a haircut to whatever, Frank said.

In fall 2008, after Lehman Brothers collapsed and other Wall Street firms seemed ready to topple, New York appeared to be headed for a brutal recession, one that would rival the worst downturns in the city's history. Now city officials and private economists are revising their forecasts with a drastic change in tone. The gathering consensus is that the recession is nearly over in the city and, largely because of the enormous amount of federal aid poured into the big banks, the toll on New York will be much less severe than most had feared.

Initially, the BLS did not publish any Net Birth/Death Adjustments in the February Employment Report. About two hours after the report was issued the BLS posted the February B/D Adjusted of 97k jobs.

Household Survey Data

In February, the number of unemployed persons, at 14.9 million, was essentially unchanged, and the unemployment rate remained at 9.7 percent.

In February, the civilian labor force participation rate (64.8 percent) and the employment-population ratio(58.5 percent) were little changed.

The number of persons working part time for economic reasons (sometimes referred to as involuntary part-time workers) increased from 8.3 to 8.8 million in February, partially offsetting a large decrease in the prior month. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job.

This pushed the U-6 to 16.8% from 16.5%.

U-6 Not-Seasonally Adjusted is unchanged at 17.9%, barely above the record 18% set in January.

US corporations have cut millions of workers to part-time status in order to avert large-scale layoffs. This has kept the headline unemployment number from being far worse.

Due to the huge number of part-time workers (8.8m) & temporary workers (2m) when the economy starts to improve materially, firms will not hire a significant number of workers until millions of part-time employees regain their full-time status. [Heed IRS tax data to discern the bounce.]

The average workweek for all employees on private nonfarm payrolls declined by 0.1 hour to 33.8 hours in February. The manufacturing workweek for all employees dropped by 0.4 hour to 39.5 hours, and factory overtime decreased by 0.2 hour…the average workweek for production or nonsupervisory employees on private nonfarm payrolls fell by 0.2 hour to 33.1 hours. [This clearly refutes ISM and PMI claims, doesn't it?]

In February, temporary help services added 48,000 jobs…temporary help services employment has risen by 284,000…In February, employment in the federal government edged up. The hiring of 15,000 temporary workers for

Census 2010 was partially offset by a decline in U.S. Postal Service employment.

The Household Survey shows an increase of 308,000 jobs, but the BLS did not report this in the preamble to the report [see above]. Most of the gain is due to 233,000 gain in 'Men 20 years and older'.

'Men 16 year and older' account for 297,000 of the 308,000 jobs gain in the Household Survey!

Last month, 'Women 20 years and older' produced 529,000 of the 541,000 job gain. 'Men 20 years and older' lost 1,000 jobs. This is absurd!

For February, 'Women 20 years of age and older' increased only 11,000.

Why is there such a ridiculous and improbable imbalance between the genders in employment for January and February? Someone is getting very careless with the 'adjustments'. Self-employed workers increased 22,000.

The 'Exhaustion Rate' of unemployment benefits hit a record 54.11% as of January 31, 2010.

Gallup: Underemployment 19.8% in February, on Par With January

A majority of the underemployed are not hopeful about finding work.

Gallup estimates that nearly 30 million Americans continue to work less than their desired capacity, and the majority of these remain unhopeful that they will find work in the next four weeks.

The only reason that Jan consumer credit expanded, but it declined NSA, is due to federal intervention.

The Fed: Consumer Credit Outstanding (Millions of dollars; not seasonally adjusted)

Federal Government credit for: Jan 2008 is 103121.91; Jan 2009 is 118005.64 (+14883.73 y/y) and Jan 2010 is 196346.67 (+78341.93y/y)

The Federal Government component of Consumer Credit increased 10.36187B m/m in January 2010. In January 2009, it increased 7.02095B m/m. In January 2008 it increased only 4414.86 million.

This is a perfect illustration on how government intervention coupled with seasonal adjustments that do not account for government intervention manufacture better-than-reality economic data.

Motorists are well down the road to higher pump prices as warmer weather and the driving season approach.

Average retail gasoline prices, continuing a surge that started last month, have now matched their 2010 high on the way to prices that many analysts believe will top $3 per gallon this spring.

The nationwide average retail gasoline price rose 0.6 cents Monday to $2.753 per gallon, virtually identical to the high water mark of $2.7583 reached on Jan. 14, according to AAA, Wright Express and Oil Price Information Service.

Prices have risen 9.2 cents in the last month and are now 80.6 cents higher than levels of a year ago.

A Federal Deposit Insurance Corp. plan to auction more than $1 billion in assets seized from failed banks next month, including a loan to build a W Hotel in Atlanta, may trigger writedowns that weaken lenders nationwide.

Almost half of the loans were originated by Silverton Bank N.A., whose collapse last May was the biggest in Georgia history. Community banks that joined Silverton in providing $80 million for the 237-room hotel and condominium complex, as well as backing for 39 other projects, could be forced to write down their stakes to reflect sale prices.

The auctions may have wider repercussions. Of the $41 billion in assets seized from failed banks held by the FDIC as of the end of January, $15.6 billion are real estate loans and about 4 percent of those involve participations by other lenders, according to agency spokesman Andrew Gray.

“These banks can’t believe that the regulator they pay to protect them is going to sell these loans to someone who can flip them and cause them serious losses,” said Robert Reynolds, a lawyer at Reynolds Reynolds & Duncan LLC in Tuscaloosa, Alabama, who represents 25 lenders that took part in financing the W Hotel. “Our banks just cannot believe they’re being treated in a way that ultimately hurts the FDIC’s insurance fund, because some of them are right on the edge.”

“Nasr 1 missile is a cruise missile capable of destroying 3-ton weighted vessels,” Iranian Defense Minister Brigadier General Ahmad Vahidi said at a ceremony to inaugurate Nasr 1 production line at the defense ministry’s Aerospace Industries Organization. Vahidi also said that Nasr 1 is a short-range coast-to-sea and sea-to-sea missile which could be fired from coasts and all types of vessels. He announced that his ministry plans to enhance tactical capabilities of the missile, saying the missile will soon be equipped with the capability to be fired from choppers and submarines. The minister stressed that once the Army’s Navy and the Islamic Revolution Guards Corps (IRGC) naval forces come in possession of these mass-produced cruise missiles, the Islamic Republic of Iran’s naval defense capability would experience an outstanding jump forward. In December 2008, The Iranian naval forces successfully test-fired the surface-to-surface Nasr 1 in the final stage of Unity 87 wargames in the Persian Gulf waters. The surface-to-surface Nasr-1 missile was fired from a warship and hit its target at a distance of 30 km (19 miles) and destroyed it. It was the first test of the new missile. The Unity 87 wargames started on December 2, 2008 for a six-day military exercise with over 60 warships as well as fighter jets, unmanned aerial vehicles, torpedoes, light and heavy submarines and gunboats.

The Federal Deposit Insurance Corp. is trying to encourage public retirement funds that control more than $2 trillion to buy all or part of failed lenders, taking a more direct role in propping up the banking system, said people briefed on the matter.

Direct investments may allow funds such as those in Oregon, New Jersey and California to cut fees for private-equity managers, and the agency to get better prices for distressed assets, the people said. They declined to be identified because talks with regulators are confidential.

Oregon’s retirement fund may contribute $100 million as regulators seek “the support of state pension funds to solve the crisis surrounding ongoing bank failures,” Jay Fewel, a senior investment officer at the Oregon State Treasury, said in a presentation at the fund's Feb. 24 meeting. New Jersey's fund may also participate, said Orin Kramer, chairman of New Jersey's State Investment Council.

The FDIC shuttered 140 lenders last year and expects the tally may be higher in 2010. Regulators have avoided signing up private-equity firms as rescuers on concern that they might take too much risk. Pension funds, whose 100 largest members manage $2.4 trillion, could provide capital to acquire deposits and outstanding loans from collapsed banks, according to the people.

Optimism among the country's small businesses slipped in February as entrepreneurs worried about repeatedly weak sales, the National Federation of Independent Business said in a survey released on Tuesday.

The NFIB said its monthly small business optimism index dropped 1.3 points to 88.0 in February from January with the index below 90 for 17 straight months, and below 90 in all but four months since January 2008.

"Credit access is not a major factor holding up economic growth, at least the kind of growth we want," said William Dunkelberg, chief economist for NFIB.

The survey showed 34 percent of the small business owners said weak sales are their top business problem.

"Owners will borrow when expectations that sales will rise and generate new revenue to pay for investments and new hires become positive," Dunkelberg said.

Small business owners continued to liquidate inventories and weak sales trends gave little reason to order new stocks.

Ordinarily leaner stocks should mean big production gains, but stubbornly high unemployment and sluggish income growth are holding back domestic demand.

The U.S. economy resumed growth in the second half of 2009 following the worst recession since the 1930s. The labor market has lagged the recovery as businesses remain skeptical of the sustainability of the rebound.

"Something is preventing owners from "pulling the trigger," Dunkelberg said. "Very few owners felt that growth opportunities were solid enough to warrant expansion."

Owners complained that "poor sales" was their top problem, and there is no need to hire with no new customers, NFIB said.

Over the next three months, more small business owners are planning to cut jobs than add.

"Net job creation will appear in the coming months, but the gains will be painfully slow with timid consumer spending, especially in the service sector," said Dunkelberg.

Analysts widely expect nonfarm payrolls to swing into positive territory in March. The economy has shed 8.4 million jobs since the start of the recession in December 2007.

Payrolls have dropped every single month since then, with the exception of last November when they grew by 64,000.

US consumer confidence fell in March to its lowest level in a year, as high unemployment and the ways in which the government is using taxpayer money draw mounting apprehension in households, a research group said on Tuesday.

Investor's Business Daily and TechnoMetrica Market Intelligence said their IBD/TIPP Economic Optimism Index slipped to 45.4 in March from February's reading of 46.8.

A group of nearly 200 "extremely concerned citizens" in a small Montana county are demanding that local leaders fill out a "questionnaire" pledging to form a local militia, prohibit mandatory vaccinations, boot the EPA out of town, allow citizens to bear any type of gun, and require federal government employees to get written approval before approaching "any Citizen."

Organized in part by a group called Celebrating Conservatism, which is lead by a woman who quit the state GOP after complaining of "fake" Republicans, the questionnaire was presented this week to the county commissioners and sheriff of Ravalli County, according to the local *Republic* newspaper.

Celebrating Conservatism's worldview appears to be rooted in the militia movement. Last year it hosted Jack McLamb, head of the Idaho-based Police and Military Against the New World Order, which agitates against "world government rule."

Ravalli County, population 35,000, sits about an hour south of Missoula in southwestern Montana.

The Ravalli questionnaire, which you can read here, demands that local officials pledge:

To form and command a county militia of all citizens 18 or older. However, it adds: "Note: Women must serve, but not in a combat capacity unless the men are in danger of being overrun."

"To absolutely prohibit all efforts, Federal, State or city, that infringe upon the right to keep and bear arms including the requirement to have a permit to carry a concealed weapon and restrictions on the kinds of weapons one may possess and carry, e. g., fully automatic, silenced, length of barrel, length of blade, opening mechanism of a knife, etc."

To require federal employees to obtain written permission from the sheriff before approaching local citizens.

> "To prohibit mandatory vaccinations."

To prohibit federal employees from collecting census information beyond the number of adults in each home.

To block all Environmental Protection Agency employees from entering the country. (We should note here that the editor of the *Republic* tells us he knows of no EPA activity in the county.)

"To use the term 'peace officer' in lieu of the current law enforcement officer.'"

Robert Gairing of Stevensville, a town south of Missoula, told the *Republic* "we need to know definitively whether or not our public officials will defend their oath and our constitutional rights and be willing to take positive constitutional action on our behalf."

Reached today by TPMmuckraker, Gairing, who helped compose the questionnaire, said he decided to stop talking to media because "it's way too complicated to give justice to in an interview." He added that no elected officials have filled out the questionnaire yet.

Equity mutual funds are burning through cash at the fastest rate in 18 years, leaving them with the smallest reserves since 2007 in a sign that gains for the Standard & Poor's 500 Index may slow.

Cash dropped to 3.6 percent of assets from 5.7 percent in January 2009, leaving managers with $172 billion in the quickest decrease since 1991, Investment Company Institute data show. The last time stock managers held such a small proportion was September 2007, a month before the S&P 500 began a 57 percent drop, according to data compiled by Bloomberg.

The Federal Reserve Bank of New York said it will expand the number of counterparties used when the central bank begins to drain the record amount of cash added to the financial system to include domestic money market funds.

The additional firms to be used for reverse repurchase agreements are "intended to enhance the capacity of such operations to drain reserves beyond what could likely be conducted through" the use of the central banks 18 primary dealers, the New York Fed said in a statement today. The firms won't be eligible to participate in other transactions conducted by the New York Fed.

Looking across these programs, we have now purchased $1.69 trillion of assets, bringing us 98 percent of the way through our scheduled purchases. To get to this point, the Trading Desk at the New York Fed has so far conducted 126 discrete operations to purchase Treasury and agency debt, and has managed 292 trading days on which either it or its investment managers have acquired MBS…

Under this view, the size of the Fed's asset holdings becomes a relevant policy lever. Accordingly, this will be the first tightening cycle for which there are two broad policy decisions in play, as the FOMC will have to set out not only the path of the short-term interest rate, but also the path of its asset holdings. The decisions on these two variables will have to be made in conjunction with one another to produce the desired outcome for economic activity and inflation…

With this approach, the FOMC would be shrinking its balance sheet in a gradual and passive manner. That, in my view, is a crucial message for the markets. It should limit any reversal of the portfolio balance effects described earlier, effectively putting reductions in asset holdings in the background for now as a policy instrument. As long as this approach is maintained, it would leave the adjustment of short-term interest rates as the more active policy instrument—the one that would carry the bulk of the work in tightening financial conditions when appropriate.

Why politics are so despicable, from ABC News: A Complicated Enemy: Obama Seeks to Vilify Health Insurers, Give Them $336 Billion Check

Neither mentioned that the Senate health reform bill, which is the basis for Democrats' last best chance at comprehensive reform, would give the insurance companies millions of new customers required by law to buy health insurance. It would also require insurers to cover everyone, regardless of age, gender or pre- existing condition.

To help pay for the new insurance requirements the government would give to people money to buy insurance – $336 billion over the next ten years. That money, ultimately, would have to go to… drum roll… insurance companies.

Employers took 1,521 mass layoff actions in January, which resulted in 182,261 workers losing their jobs, said the Bureau of Labor Statistics.

Each mass layoff involved at least 50 people from a single employer – and both layoff events and initial claims increased during January, after four consecutive decreases.

Manufacturing had the most number of mass layoffs, with 62,556 people losing their jobs in 486 different actions.

During the 26-month period from December 2007 to January 2010, the total number of people laid off was 5.4 million.

The national unemployment rate was 9.7 percent during January, down from 10 percent the month before, but up 7.7 percent from a year earlier.

Most of the layoffs were in the South and the Midwest, while the East North Central and the South Atlantic had the largest decreases in initial claims.

A small group of U.S. lawmakers unveiled legislation on Thursday to withdraw from the North American Free Trade Agreement in the latest sign of congressional disillusionment with free-trade deals.

The bill spearheaded by Rep. Gene Taylor, a Mississippi Democrat, would require President Barack Obama to give Mexico and Canada six months notice that the United States will no longer be part of the 16-year-old trade pact.

"At a time when 10 to 12 percent of the American people are unemployed, I think Congress has an obligation to put people back to work," Taylor said.

He argued NAFTA has cost the United States millions of manufacturing jobs and hurt national security by encouraging companies to move production to Mexico.
The high unemployment rate makes it the "perfect" time to push for repeal even though past efforts have failed, he said.

"You'll see the American people rally behind this, in my humble opinion," said Rep. Walter Jones, a North Carolina Republican who is one of about 28 co-sponsors of the bill.

Business groups like the National Association of Manufacturers and the U.S. Chamber of Commerce strongly support NAFTA, which they say has spurred U.S. economic growth by tearing down trade barriers between the three countries Obama criticized NAFTA during the

2008 presidential election campaign but has not followed through on threats to withdraw from the agreement if Canada and Mexico did not agree to revamp the pact's labor and environmental provisions.

But many Democrats are pushing for that and other changes to existing trade deals before considering any new deals such as the deals with South Korea, Colombia and Panama.

The House of Representatives is expected to vote later this year on whether the United States should remain a member of the World Trade Organization.

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