

From: Arthur McKee <art@mckeeinvestments.com>
Subject: update 03/05/2010 - Beige Book
Date: March 5, 2010 4:25:13 PM EST
To: update@mckeeinvestments.com

MIP MCKEE INVESTMENT
PLANNING

Good Friday.

On Wednesday, the Federal Reserve published their periodic economic activity report called the "Beige Book". The Federal Reserve Bank ("the Fed") is divided into 12 districts, each one acting like the "local" branch of the Fed for that geographic region. To compile this report, each regional bank conducts a survey of businesses in the region. Basically, various companies get a phone call from the Fed asking "How's it going?" The responses are compiled and reported by each district.

The latest report was a good one, with 9 out of 12 districts reporting improving economic conditions. The pace of improvement was slow, but it was still movement in the right direction. The three regions that didn't report "improvement" were Atlanta, St. Louis, and Richmond. Atlanta and St. Louis reported "mixed" signals with some good and some bad. Richmond reported a decrease in economic activity but said that it was primarily due to the severe winter weather during the months of January and February.

In the regions that reported improvements, a common theme was that they reported exports had increased. Many foreign economies are further ahead in the recovery than the US and this report provides some evidence that international demand for goods and services may help the US out of its quagmire. Good news!

If you are interested in looking at a the Beige Book yourselves, I have put a link to it here:

<http://www.federalreserve.gov/fomc/beigebook/2010/20100303/FullReport.htm>

By the way.... The unemployment reports are important, but by the time the employment reports improve, it will be too late to make investments based upon it. The train will have already left the station. However, the mass public, when told that the unemployment reports are improving, will sell their money market funds, CDs, and treasury bills and start buying stocks again. That will most likely propel the stock market to new highs (whether the new highs are warranted or not.) Don't get too caught up in the unemployment reports; they only confirm what we already know is happening.

Best regards,

Arthur McKee, CFP®
McKee Investment Planning
141 E. Central Avenue
Suite 340-B
Winter Haven, FL 33880
(863) 401-3937 Phone
(352) 408-4710 Cellular
(863) 401-3832 Fax
art@mckeeinvestments.com