



DETTERBECK WEALTH MANAGEMENT

A Division of DWM Financial Group, Inc.

April 14th, 2009

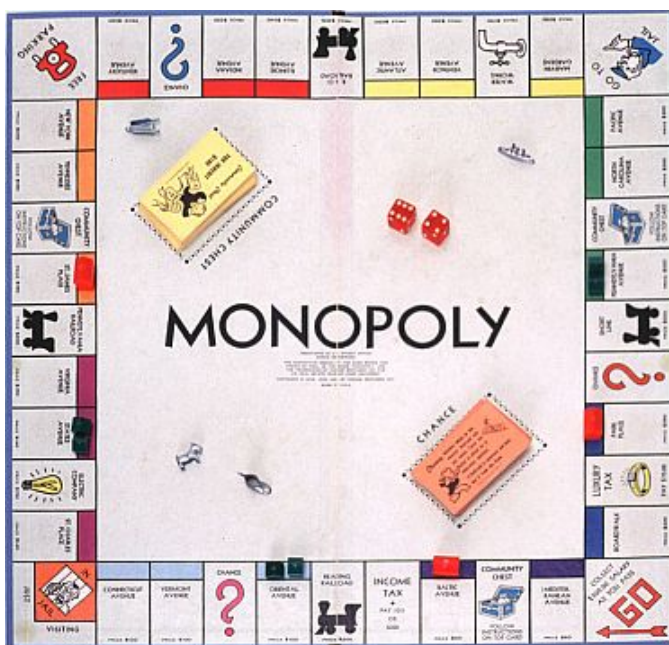
Issue 7

Sherpa Snapshots

*"Preparing you for the
financial road ahead"*

-Ask DWM-

Q: Have you heard about the new version of Monopoly?



A:

Yes. Actually, there have been many new editions of Monopoly over the years. We particularly liked the makeover recently proposed to keep in step with the

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current financial situation.

Monopoly has been the King of board games since 1935. 750 million people have played, with the longest game in history lasting 70 straight days. In 1937, Parker Brothers upgraded the four small wax wood pawns with die cast metal game tokens in the shape of race cars, thimbles, a Scottie dog and others. Due to a metal shortage in World War II, tokens were made out of wood from 1943 to 1947.

We are sure you remember the game we all played and loved. The one that came complete with title deeds for 22 streets, 4 railways and 2 utilities along with 32 houses, 12 hotels, 16 Chance cards, 16 Community Chest cards and a supply of paper money; \$15,140 in total. We are sure you remember how much fun it was to celebrate the excesses of capitalism; parlaying \$200 payouts for "Passing Go" into massive fortunes in real estate (especially by owning hotels on Boardwalk and Park Place) and ultimately forcing bankruptcy on your siblings.

Over time, there have been many versions of the game. Neiman Marcus offered an edible chocolate version in 1978 for \$600. There are worldwide versions. Individual cities have their own versions. There is even a version that uses credit cards and not cash.

In Sunday's Chicago Tribune, Gerald Skoning, presented his suggestions for a new version of Monopoly to reflect the economic downturn. He thinks that real estate prices should be inflated by a "multiple of four or five zeroes". And, players should be able to mortgage their properties with toxic, subprime loans.

Skoning suggests that the traditional tokens be updated with contemporary consumer excess icons such as a monster Hummer, a Gulfstream jet or a multimillion dollar yacht. And, of course, the amount of money would need to be increased greatly to cover our billion/trillion dollar vocabulary these days. How about \$2 million for passing "Go"?

The Community Chest cards would need to be updated to include a card such as "Economic Stimulus Grant Money from Uncle Sam, Collect \$5 million" or "Bailout Money from the Feds, if you own a railroad or utility; \$10 million, no strings attached." Of course, the Chance cards sending you to "Go Directly to Jail" would need to be updated to reflect current crimes such as massive stock fraud, wire fraud and Ponzi schemes. A caricature of Bernie Madoff as a jailbird would be appropriate.

Lastly, according to Mr. Skoning, the new game will no



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longer be a celebration of our capitalist system. There will be a dominant role for Uncle Sam. Mr. Skoning supposes that he will be "The Banker"; doling out money for bailouts, economic stimulus packages and loans to spur the sagging real estate market back to health. And, in this regard, the new game's contents will have one new important piece of equipment; a printing press to print more money as needed.



For additional information in Chicago Tribune's April 12th article [click here](#)

Do you have a question for us? Send it to danielle@dwmfnclgroup.com, and you could win a \$10 gift card from Starbuck.

-World-

Slowdown in Global Trade Hits Home for Port Cities



assembly lines.

The spaces at docks that are empty symbolize a deep decline in global trade that is worrying economists and major port city communities alike. This year, for the first time since 1982, trade is expected to shrink. Last month, the World Trade Organization predicted that shipments of goods would fall 9% in 2009, the largest decline since World War II. While U.S. consumers aren't spending like they use to, factories around the world are closing their

In January, the dollar value of U.S. trade fell more than 20% compared with last year. With the situation being bad as it is, new trade barriers across the globe threaten to worsen it. Fewer shipping containers are passing through commercial gateways, such as

Charleston, SC, which not only means less revenue for the port and its operators, it is also fewer dollars flowing through the local businesses of every port city. Ports are major economic drivers, so if imports and exports go down, it affects job stability for everyone involved. As trade sags, pressure to cut costs runs through the entire system. Companies are forced to make cuts wherever possible.

The global financial crisis has thrown a process of globalization that seemed to spread prosperity to American home owners and Third World factory workers alike, into reverse. The recession is slowing down U.S. demand for goods made overseas and depressing foreigners' desire to buy American products at the same time. From China to Europe to the U.S., the global economy is being hit hard.

One of the purest measures of trade activity is the Baltic Dry Index, which measures the demand to move raw materials globally. It hit an all-time high of 11,793 on May 20th, 2008 before plummeting 663 on December 5th, 2008. That's a drop of more than 94%. The index has rebounded a little, but it's still 85% below its peak. The big question is whether the current downturn reflects a temporary dip in a long-term trend of increasing trade or a fundamental break with it?

For additional information in USA Today's April 7th article [click here](#)

-Consumer Spending-

Consumer Psychology: From Buy, to Bye-Bye

March retail sales results, for many chains, were worse than February figures. Retail sales have plummeted in both the U.S. and Europe, but companies are still trying to entice consumers by using various promotions, advertising, and other marketing ploys.

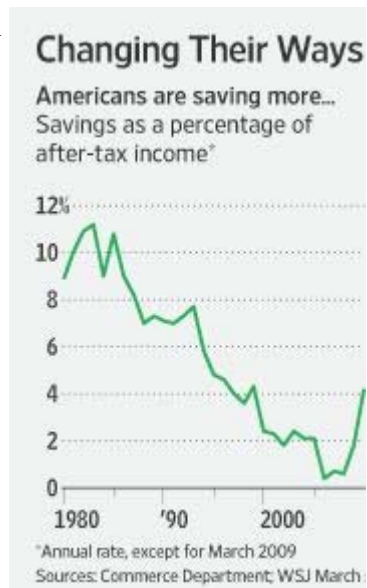
Unfortunately, they aren't working.

While looking at the current changes in consumer behavior, it's hard to ignore the possible long-term changes. It is tempting to assume that consumer spending will "go back to normal" once the economy rebounds, but there are good reasons to think there will be a strong shift in shoppers' psychology

With their jobs less secure, their houses worth less, their stock-market portfolios shrunken, and baby boomers getting older, consumers are saving more and paying down debt. One would think paying down debt would be a good thing, but if consumers aren't spending, who is stimulating the economy?

The stimulus plan is supposed to lead to growth by acting as a catalyst for economic activity. This implies that we as consumers will go back to our old ways of spending more than we make, but if consumers are paying down their debt, not accruing it, the stimulus plan isn't going to work.

Once a country of obvious spenders, Americans are now changing their ways.



One reason for this is that the largest generation is becoming aware of their ominous retirement. Consumers have shifted their focus to paying down debt as fast as possible, rather than buying new clothes, cars, and houses.

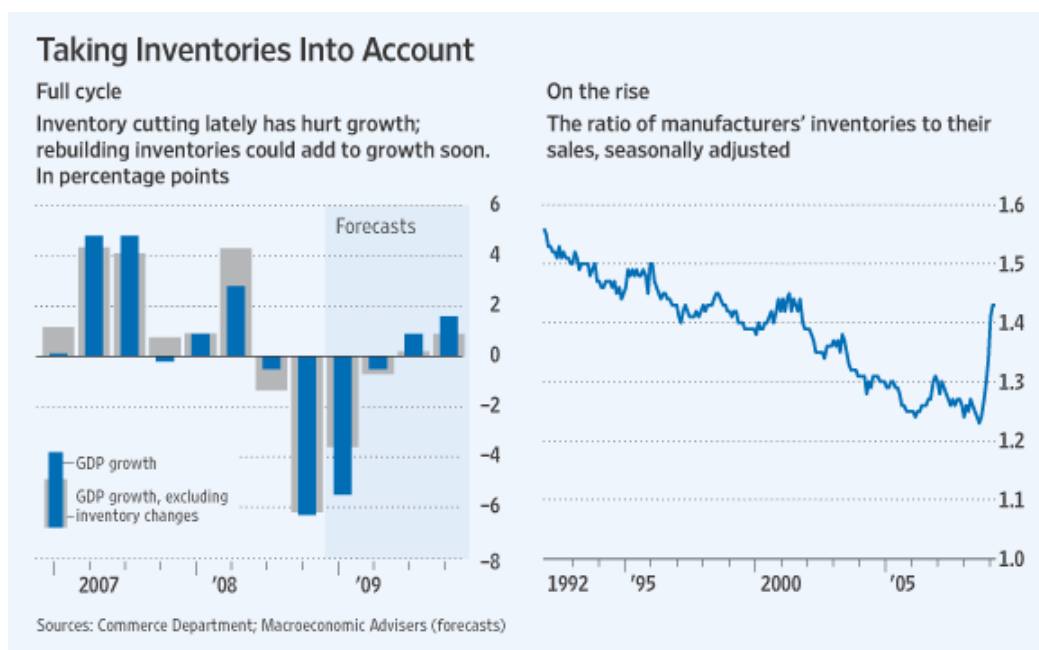
So what happens to the stimulus plan? We will continue to hear about gimmicks trying to entice us to spend, and while some will spend, many will not return to old conspicuous consumption. At this point, some people are actually apologizing for being wealthy, not flaunting it.



For additional information in Bloomberg's April 1st article [click here](#)

-Business-

Rise in Factory Orders



Orders placed with U.S. factories rose in February for the first time since June, reflecting a rebound in demand for construction machinery, computers and air conditioning equipment that may be sign that the worst of the manufacturing slump has passed. The 1.8 percent increase followed a 3.5 percent drop in January that was larger than previously estimated. Excluding transportation equipment such as cars and aircraft, orders rose 1.6 percent.

There has been a sixth straight monthly drop in wholesale inventories, which can be viewed as positive in the long-term. Companies like Goodyear Tire and Borders are anticipating large inventory reductions in 2009; \$500 million or 14% for Goodyear and \$327 million or 26% for Borders.

But in the short-term, the reductions likely mean companies placed fewer orders and factories produced fewer goods. Manufacturers have been taking a beating in recent months as consumer spending slowed and demand for exports has evaporated. But a rise in new orders could signal a turning point. After months of watching unsold goods mount in stores and warehouses, reducing any inventory is enough to offer hope that companies can start up production again. But until inventories shrink further, manufacturers are likely to continue to cut jobs.

Inventories are important for estimating economic growth because they speak to future levels of output. An increase in inventories, which occurs when production exceeds sales, adds to the reported growth rate, while a decrease in inventories subtracts from it. An inventory-related increase in production could propel the economy out of recession, but that all depends on where consumers spend, or don't spend, their money.

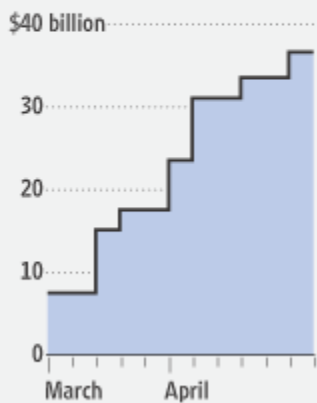
For additional information in The Chicago Tribune's April 8th article [click here](#)

-Bailout-

Danger of Worsening Recession Drove Fed to Launch \$1.2 Trillion Revival Program

Buying Spree

Cumulative purchases of U.S. Treasuries by the Fed as part of its new program announced on March 18



Source: New York Federal Reserve

The Federal Reserve decided to plow \$1.2 trillion into the economy last month, but there are growing concerns about a brutal economic cycle where rising unemployment will possibly restrict consumer spending into 2010. According to minutes of the Fed's closed-door meeting from March 17-18, the economy is likely to stay fragile, and the unemployment rate will probably rise more steeply into early next year.

The economy had deteriorated more than the Fed expected since their last meeting in January. A particular concern was the drop in demand overseas, which was hurting sales of U.S. exports. GDP is the broadest measure of the country's economic health, and it contracted at a 6.3% pace in the final quarter of last year, the worst in a quarter-century.

The Fed's decision to launch the \$1.2 trillion Term Asset-Backed Securities Loan Facility program was viewed as helping to address the very weak economic outlook and prevent deflation. Still, some Fed officials talked about some challenges faced by this program, including only a small overall impact. The announcement led to a sharp rally in the Treasury market that dropped about one-half percentage point off the 10-year yield, the biggest one-day drop in more than two decades. Private-sector borrowing costs, including mortgage rates, came down as well, but the effects of the purchase announcements were short-lived. Yields on 10-year Treasury notes are almost back to where they were before March 18th.

For additional information in The Chicago Tribune's April 8th article [click here](#)

-Market Update-

What's Hot - and Not

How different investments did last week.

INVESTMENT	PERFORMANCE	
	Last week	52-week
REIT stocks	5.0%	-49.8%
Emerging-markets stocks*	3.1	-45.2
Russell 2000 (small stocks)	2.6	-32.0
Nasdaq Composite Index	1.9	-27.8
S&P 500-stock index	1.7	-35.7
U.S. corporate junk bonds	1.7	-19.0
Emerging-markets bonds	1.3	-5.6
Global stocks**	1.1	-41.1
European stocks	1.0	-39.5
U.S. investment-grade bonds	0.9	-8.4
Dow Jones Industrial Average	0.8	-34.4
U.S. dollar, trade weighted*	0.1	15.3
Commodity futures	-0.5%	-45.9
Crude oil	-0.5	-52.6
Gold	-1.5	-4.5

Notes on data: European stocks: Dow Jones Stoxx Index; emerging-markets-stocks: MSCI price index for free markets; corporate-bond prices: Merrill Lynch Global Bond Indexes; U.S. dollar and U.S. Treasuries: J.P. Morgan; REIT stocks: Dow Jones Equity REIT Total Return Index; emerging-markets bonds: J.P. Morgan EMBI-plus price index, in U.S.-dollar terms; commodity futures: Dow Jones-AIG Commodity Index; global stocks: Dow Jones World Stock Index *Data as of April 10, 2009; all others as of April 9, 2009.

Sources: WSJ Market Data Group; Dow Jones Indexes; Reuters; Merrill Lynch

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