

You are receiving this email, "The Zone Journal", a free newsletter because you have subscribed or have been recommended by a friend that felt you would enjoy reading it and benefit from the information. We never sell or share email addresses for any reason. We consider this your personal property and your privacy is very important to us. To learn more about the Zone Journal and see our Privacy policy visit us at www.thezonejournal.com If you would like to continue receiving "The Zone Journal" at absolutely no cost or obligation please click [HERE](#) to subscribe. Always feel free to forward "The Zone Journal" to a friend!

To Unsubscribe at any time please click [HERE](#)

The Zone Journal

[WEBSITE](#)

[SUBSCRIBE](#)

[ARCHIVES](#)

[PARTNER](#)

AUGUST 30, 2010

[Your Company Advertisement could appear \[HERE...\]\(#\)](#)
[Reach your Target audience Today!](#) [See instant Results...](#)

[Bernanke Faces Skepticism on Policy Tools, May Need Fiscal Aid...](#)

[With Mounting Evidence in all Directions The Feds tell Congress to Keep Spending, It Will Work eventually!](#)

Federal Reserve officials face another round of reports projected to show weakening growth amid skepticism they have the firepower to deliver on Chairman [Ben S. Bernanke](#)'s pledge to avoid a relapse into recession.

Bernanke, in his Aug. 27 speech to central bankers and economists in Jackson Hole, Wyoming, made his strongest statement yet that the Fed alone can't keep the recovery going. "Strong and stable" growth will "require appropriate and effective responses from economic policy makers across a wide spectrum" as well as private-sector leaders, he said.

While Bernanke said the Fed's remaining tools, including asset purchases, will work if needed, some attendees at the annual symposium said during the weekend that the effects of such quantitative-easing measures may be weak or that fiscal policy should play a bigger role. Pressure for action may build this week as economists predict data to show hiring, manufacturing and household purchases cooled further in August.

"There's now a cost-benefit analysis for future actions which I'd contrast with the 'whatever it takes' philosophy of the crisis," Stanford University Professor [John Taylor](#), creator of an interest-rate formula used by central banks, said in an interview. "The benefits of additional quantitative easing are quite small."

[World Headlines...](#)

[We look hard so you don't have to!](#)

[Beck says he wanted to reclaim civil rights 'from politics'](#): Washington (CNN) -- Conservative commentator Glenn Beck says his weekend revival-style rally at the Lincoln Memorial was meant to reclaim the U.S. civil rights movement "from politics," arguing that the movement was about "people of faith." [FULL STORY](#)

[Volcano Quiet for 400 Years Erupts in Indonesia](#): JAKARTA, Indonesia (AP) -- A volcano in western Indonesia spewed hot lava and sand high into the sky early Sunday in its first eruption in 400 years. [FULL STORY](#)

[Analysis: Obama's Mideast push is](#)

Economists and central bankers from more than 40 countries began their meeting Aug. 27 as the Commerce Department reported the economy grew 1.6 percent in the second quarter, less than originally estimated, and as Intel Corp., the world's biggest chipmaker, cut its third-quarter revenue forecast.

Payrolls Report

The Labor Department's jobs report for August, to be released Sept. 3, will be a main focus this week. Private payrolls probably rose by 47,000 this month after a 71,000 July gain, while the unemployment rate increased to 9.6 percent from 9.5 percent, according to the median estimate of economists surveyed by Bloomberg News. Factories expanded at the weakest pace in almost a year, an Institute for Supply Management report is forecast to show Sept. 1.

At their last meeting on Aug. 10, U.S. central bankers put a floor on asset holdings to keep the Fed's balance sheet from shrinking by \$400 billion by the end of 2011, Bernanke said. The Fed is likely to follow that "baby step" with more stimulus at some point, [Alan Blinder](#), a former Fed vice chairman, told the conference. Blinder likened the unconventional tools to an unwanted relative the Fed would rather put away.

'Crazy Aunt'

"We're not stuffing this crazy aunt back in the closet that quickly," said Blinder, an economist at Princeton University in New Jersey.

Several papers presented at the conference reinforced concerns the economy is slowing. Using evidence from recoveries in 15 post-crisis economies, [Carmen Reinhart](#) of the University of Maryland and [Vincent Reinhart](#) of the American Enterprise Institute warned the U.S. and other advanced nations may face weak growth and high unemployment through 2017.

"The Fed may very well be in for another round of easing," [Carmen Reinhart](#) said in a Bloomberg Television interview.

Bernanke wasn't the sole central banker in Wyoming considering ways to fan an expansion.

The Bank of Japan's [Masaaki Shirakawa](#) returned to Tokyo earlier than planned and called a policy meeting for today. The European Central Bank's [Jean-Claude Trichet](#) may this week extend emergency bank lending programs. Bank of England Deputy Governor [Charles Bean](#) said in a paper that "further policy action may yet be necessary."

Hoenig Skeptical

Some Fed policy makers are skeptical of the need for further stimulus. "I have long said the recovery would be modest," Kansas City Fed President [Thomas Hoenig](#), the symposium's host, said in an Aug. 25 Bloomberg Radio interview. "I think people have to realize that. We are going through major adjustments."

"I really don't think that there's a lot that the Fed can do," said

foreign policy gamble:

(Reuters) - When President Barack Obama finally brings Israeli and Palestinian leaders back to the negotiating table this week, it will mark not only his deepest foray into Middle East peacemaking but also his riskiest. [FULL STORY](#)

Iran '12 months from nuclear weapon' US warns as Bushehr reactor started:

The US sought to reassure Israel that Iran is still a year away from building a nuclear weapon, as Iran's leadership hailed the fuelling of its first nuclear power plant on Saturday. [FULL STORY](#)

Scorned wife sentenced to death for killing 57 at husband's wedding:

A Kuwaiti woman has been sentenced to death for starting a fire that killed 57 women and children at the wedding party of her husband who married another wife. [FULL STORY](#)

Idiot of the Day...

A [Stockholm](#) man approached the father of a 13-year-old girl who did not show up to an arranged sex meet, demanding the refund of an advance payment deposited in the girl's bank account, according to a report in the Metro daily.

[This has to be the dumbest plumber alive...](#)

[FULL STORY](#)

[Martin Feldstein](#), a professor at Harvard University in Cambridge, Massachusetts, and member of the committee that dates the beginning and end of recessions. While additional asset purchases are probably the best option, “even if they did quite a lot of it, say \$1 trillion worth, I don’t think it will have a substantial impact,” he said in an interview.

[Richard Berner](#), Morgan Stanley’s co-head of global economics, said in an Aug. 27 research report from Jackson Hole that greater easing remains a “big step” because the soft patch may be temporary and introducing more stimulus may confuse investors.

Forecasts Lowered

Officials also need to better explain their intentions and overcome recent disagreements, Berner and colleagues said in the report, in which they lowered their forecast for growth in the second half of this year by 1 percentage point to a range of 2 percent to 2.5 percent.

Bernanke “clearly indicated that the Fed is prepared to ease monetary policy if needed,” Berner said in the note. “The odds of such action are considerably less than certain however. They will hinge on additional weakness in incoming data.”

The Standard & Poor’s 500 [Index](#) gained 1.7 percent after Bernanke’s speech, the biggest increase since Aug. 2. The yield on the 10-year Treasury note had the largest gain since June 2009, increasing 17 basis points, or 0.17 percentage point, to 2.64 percent.

To bolster growth, Feldstein and Stanford’s Taylor, both former officials in Republican administrations, advocated extending tax cuts enacted under President [George W. Bush](#) that are due to expire at the end of this year.

‘Fiscal Stress’

Eric Leeper, a former Fed economist who teaches at Indiana University, sparked debate with a paper suggesting that central bankers speak out more on the impact of government spending when “an era of fiscal stress” can complicate monetary policy.

Bernanke should have urged the White House and Congress to turn to fiscal policy after the November elections, World Bank President [Robert Zoellick](#) said. Examining Social Security, the U.S. retirement-benefits program, “would be a good place to start,” he said.

One remedy that may win broad support is for policy makers to outline a plan to cut the deficit and delay implementing it until the recovery is assured, said [Maya MacGuineas](#), president of the Committee for a Responsible Federal Budget, in an interview.

“We all know that the main gorilla in the room is fiscal policy,” [Jacob Frenkel](#), a former Bank of Israel governor who’s now chairman of JP Morgan Chase International, said during an audience discussion.

Follow us



Forward of the Day...

[This is exactly what I've said all along... Not the end of the World, just Reality!](#)

From CNBC

According [to a report](#) this morning, the Spectrem millionaire investor confidence index fell to its lowest level in more than a year as wealthy U.S. investors worried about politics and unemployment.

The Spectrem Millionaire Investor Confidence Index fell 11 points in August to -18, its lowest level since June 2009, when it fell a record 18 points to -20 shortly after the S&P 500 index hit a 12-year low.

Meanwhile, the Spectrem Affluent Investor Confidence Index which measures the outlook of households with \$500,000 or more in investable assets, fell 4 points in August to a mildly bearish -20, its third-straight monthly decline.

"The millionaires' decline is particularly troubling since it suggests millionaires, typically more sophisticated than the broader affluent population, are reverting to a bearish frame of mind." said George H. Walper, Jr., President of Spectrem Group.

So what do all these folks know that David Rosenberg doesn't know? Apparently not much.

True to form, Rosenberg is as bearish as ever....

From CNBC by Jeff Cox entitled: [Economy Caught in Depression, Not Recession: Rosenberg](#)

Positive gross domestic product readings and other mildly hopeful signs are masking an ugly truth: The US economy is in a 1930s-style Depression, Gluskin Sheff economist David Rosenberg said Tuesday.

Writing in his daily briefing to investors, Rosenberg said the Great Depression also had its high points, with a series of positive GDP reports and sharp stock market gains.

But then as now, those signs of recovery were unsustainable and only provided a false sense of stability, said Rosenberg.

Rosenberg calls current economic conditions "a depression, and not just some garden-variety recession," and notes that any good news both during the initial 1929-33 recession and the one that began in 2008 triggered "euphoric response."

"Such is human nature and nobody can be blamed for trying to be optimistic; however, in the money management business, we have a fiduciary responsibility to be as realistic as possible about the outlook for the economy and the market at all times," he said.

The 1929-33 recession saw six quarterly bounces in GDP with an average gain of 8 percent, sending the stock market to a 50 percent rally in early 1930 as investors thought the worst had passed.

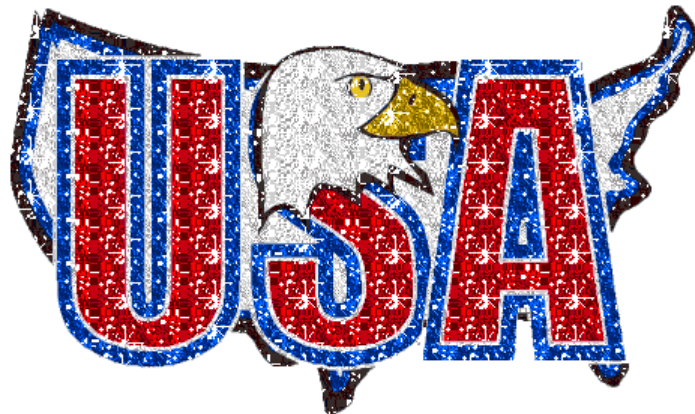
"False premise," Rosenberg said. "And guess what? We may well be reliving history here. If you're keeping score, we have recorded four quarterly advances in real GDP, and the average is only 3%."

Rosenberg points out that the "overall economic malaise" has come despite aggressive efforts by the Federal Reserve to stimulate the economy through rate cuts.

"How's that for a reality check," Rosenberg said. "It's not too late, by the way, to shift course if you have stayed long this market."

[Like or not, that is the reality.](#)

[And no matter how many times you try to slap a happy face on it, the economy and the markets are as tenuous as ever.](#)



[Military Tribute of the Day...](#)

[A Fitting tribute the the U.S. Marines](#)

[CLICK HERE](#)

Photo of the Day...

Formalles War Cemetery Dedicated

Ninety-four years to the day since Australian and British troops were sent over the top on the western front to be killed in one of the briefest, bloodiest and most useless battles of the [first world war](#), a cemetery containing the remains of 250 of those killed was dedicated today as the last body to be found was buried with full [military](#) honors.



The Mailbox...

"Compliments or Complaints, Let Us hear from You!"

feedback@thezonejournal.com

Best Regards, and Thanks for Reading "The Zone Journal"

**Roger Adams , Madison County Ga. USA
Founder, The Zone Journal www.thezonejournal.com**

["Love Life, It will Love You Back"](#)

You are receiving this email, "The Zone Journal", a free newsletter, because you have subscribed or have been recommended by someone. If you would like to unsubscribe at any time please [CLICK HERE](#).

© 2010 All Rights Reserved and protected by U.S. Copyright laws and other international treaties. This Web Site is in no way to be reproduced electronically or in any other manner including the World Wide Web without the express written permission of the owner, Combat Zone Associates, LLC 231 Dickson Dr., Danielsville, Ga.30633. "The Zone Journal" will never give any type of personal financial advice to our subscribers. We are not licensed securities brokers or advisors. We only share information that has worked well for us.

