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Market Outlook:

Marking time

Whereas the "micro" details of ascribing corporate valuations are litigated every day through securities' trading on global bourses, there is very little "macro" disagreement that we are at a critical global inflection where recovery and purchasing power either expand or remain less than satisfactory. If it doesn't happen now, after all the intervention, debate, austerity and fiscal changes, it is not likely to take root at all.

The future of economic momentum now lies with decisions that were made during the previous half-decade, and are being made today on continents East to West. Both public and private institutions have applied their best minds to the task of remediating a systemic cancer that sucked all the energy out of a generation-long economic bull that came crashing down because of over-leverage, greed, and mismanagement. No crashes are "good", but if it hadn't happened, the stability and viability of continued gains would have been tenuous, at best.

A key to reviving the financial markets and more consistent global economic output would be to rebuild the conditions that allow for confidence in our institutions and an equitable playing field for all participants. Not a "redistribution of wealth" for everyone, but simply the opportunity for anyone to succeed who puts forth the effort.

At all costs, the challenge is to continue the flow of capital into entrepreneurship and problem-solving for the good of the populace. No one turns their back... or capital... on a *"better mousetrap."*

Based upon actions taken thus far, the jury is still out as to whether we are simply in a trader's/speculator's haven or a tectonic shift towards social/moral/demographic reflection.

It's in the dirt

Although several sectors are showing significant price recovery (Financials, Industrials, Cyclicals), my work indicates that price appreciation alone is not sufficient to divert from the greater goal of creating top line revenue expansion through innovation and product development. Part of this derives from the public's preoccupation with short-term balance sheet analysis and a proliferation of 24 hour business news programming. The intensity and foresight necessary actually to *build something* is being held hostage to headlines and daily upticks in securities trading. Political and social reforms need to be more robust in addressing systemic issues that cause breakdowns in repeatable sales and profitability. Last week's market activity may have touched "new highs", but, in reality, all we really did was stir up a lot of froth at the top with no significant momentum shifts.

Some might say that economic reforms should be tax and government related, while others look at the private sector as the nexus of possible solutions. As an analyst, I am agnostic about the source of a solution, or set of solutions. But what I can respond to is the diminution in probabilities I see daily in my analytics that leads me to believe that the traditional parabolic ebb and flow of business is slowly being replaced by a linear boom/bust pattern that doesn't bode well for a new generation of investors who want to benefit not only from stock speculation, but a secular (generational) opportunity to make money, contribute, and create new ideas and social reform.

Crossroad

More and more of our younger citizens are becoming frustrated by their elder's greed and ignorance. The wrenching impact of economic and social recession has reverberated into the job market, the educational system, our social institutions, medical care, housing, geographic migration, and global political unrest. **In many ways this generation's purity has been infected by those preceding them who harvested the golden goose mercilessly for as long and as hard as they could.**

Breaking it down by demographics, this generation of young adults is the most volatile, insecure, impoverished, and angry in memory. Forced to postpone their aspirations of assuming their place in the public and private domain by economic factors beyond their span of control, they must now react to forces which accentuate their frustration and delay their wealth building. This, then, is the legacy with which current corporate boardrooms must cope.

Amid this generation's uncertainty, it is no wonder that the markets have taken on a parallel pulse beat with broader staccato global phenomena, where gratification must be instant, loud, and in-your-face. *Predictability* is now a short cycle event. *Commitment* is no longer "forever". *Confidence* is mostly fleeting.

Uncertainty is the most certain thing we can attest to.