

The truth about the markets, the economy and unemployment

By Ev Nucci
February 7, 2010



The financial markets are not as good as people think. Yes the Dow may be over 10,000 and stocks may look strong but the market doesn't reflect reality. The economy is poor with unemployment around twenty percent (those not looking, unemployed for one to two years, underemployed and on no one's radar.)

Last year after the market lows—the market came back, but the economy did not. Right now there isn't much upside in the market, recent number are encouraging but not sustainable.

Government actions aren't helping. With the rising deficit, increase in impending taxes and with less regulatory certainty on health care, energy and financial reform it makes the markets too uncertain for business to invest or hire.

The truth about unemployment - we may be looking at of 8-9% unemployment for the next five years.



Relative to financial regulations, the government will probably extend greater regulations on hedge funds, private equity and prop trading desks. The government needs to let the financial institutions fail so it doesn't spread. The too big to fail is a fallacy. Let them break up.

With regulatory uncertainty in the financial industry, health care and energy it strangles business decisions—investing and hiring.

The White House is more afraid of voters than they are of Wall Street; however, our current conundrum is government is both government and big business simultaneously. That's a problem.



Financial reform will make the markets worse, recovery far more difficult. Unfortunately, Obama isn't helping and for some reason no one in the White House seems to understand business. Maybe they could hire some small business people—then they might figure out how economy works.