# Spending DA UD – Uniqueness – Economy Up

# US economy good – massive job increases

**The Baltimore 2012**

"President Obama reversed the nation's economic slide - Baltimore Sun." *Featured Articles From The Baltimore Sun*. N.p., n.d. Web. 4 July 2012. <http://articles.baltimoresun.com/2012-06-19/news/bs-ed-obama-letter-20120619\_1\_president-obama-stimulus-bill-health-care-bill>.

Thank you, President Barack Obama, for saving American capitalism. When President Obama took office in January, 2009, the U.S. economy was on the brink of disaster. Under President George W. Bush, we were losing 700,000 jobs a month. Within a year, President Obama reversed this trend, and since 2010, the private sector has created several million jobs. The president's stimulus bill should get some credit. I am always amazed that Republicans in Congress, all of whom voted against the stimulus bill, were back home in their districts taking credit for the federal money that they had brought home. Even Gov. Rick Perry of Texas accepted $3 billion in stimulus money to balance the Texas state budget while blasting the stimulus bill and the big spending Democrats.

## Downward economic trends actually signal a strong upcoming Economic upswing.

New York Times ’12

(“Stocks and the Economy, Singing Different Tunes” Section BU; Column 0; Money and Business/Financial Desk; STRATEGIES; Pg. 6)

For example, if you focus on the economy and find that it's weak, you might think it wise to lighten the risk in your portfolio and concentrate on protecting your assets. On the other hand, if you focus on the market's momentum and believe stocks are likely to keep climbing, you might try to ride that wave until it crests. But **if you look at both the economy and the market, and believe both that the** **economy is weak and that the market's momentum is upward, you may not be entirely comfortable with any course of action. Yet if you're fortunate enough to have money to invest, you must do something**. In a report last week, **Ned Davis**, founder of Ned Davis Research, an investment research firm in Venice, Fla., put the problem this way: What's more important, he asked, ''being right or making money?'' He lands squarely on the side of making money, and says stocks are likely to rise over the next six months or so. But he acknowledged that he must balance his short-term views against his longer-term convictions about the state of the economy. As a ''secular bear,'' he says he is convinced that the economy is plagued by deep-seated maladies that will take years to clear up and that, at some point, the stock market will resume a long-term downward trend. But **as a close analyst of technical market indicators, he is advising clients that by year-end the market is likely to rise, though with some caveats. There may well be a** correction -- a relatively **modest decline -- in the next few months**, his firm has concluded. **But it is telling clients that a cyclical** **bull market is in place -- a strong upturn within the longer** **downward trend**. This may well seem confusing. Mr. Davis said as much, reassuring clients: ''I remain a secular bear. I am concerned about the long-term consequences of the Fed's zero interest rate and easy credit policies and exploding government deficits.''

## Housing Market on the rise

Hill, June ’12

(The Washington Times A, PAGE ONE; Pg. 1, “Economy on a steady course despite job scare; Housing revival is forecast”)

While Wall Street and Washington were obsessing over recent signs of softening in the job market and a flare-up of the European debt crisis, much of the rest of the economy has been chugging along showing improvement. State governments reported Tuesday that their revenues from sales and income taxes are on course to exceed pre-recession levels for the first time in five years - a clear sign that the recovery remains on track. Various other reports show that manufacturing and the nation's vast services sector have continued to grow despite the spring slowdown in hiring. **Household wealth has started to increase again with a revival in housing prices this spring, and analysts say a long-awaited recovery in the housing market may finally be under way.** "**We're in the early innings of a housing recovery**," said Eric S. Belsky, managing director of Harvard University's Joint Center for Housing Studies. "**Rental markets have turned the corner, home sales are strengthening, and a floor is beginning to form under home prices**." The importance of the turnaround in the housing market can't be overemphasized, economists say. Its extreme weakness since 2007 has been at the root of many of the nation's other problems, including the foreclosure crisis, declining household wealth and job immobility. With mortgage interest rates at record lows and housing prices the lowest since the 1990s, conditions are more favorable for homeownership than ever before. **Economists say housing appears poised to contribute to economic growth again for the first time since 2006**. "Surveys consistently find **that the overwhelming majority of young adults plan to own a home in the future**, but many would-be buyers have stayed on the sidelines waiting for the job outlook to improve and house prices to stop falling," Mr. Belsky said.

## Econ good now

Financial Adviser, June ’12

**(“**Franklin Templeton backs returns on US economy” Financial Advisor. **SECTION:** 0953-5276)

**Strong opportunities exist for investors in US equities**, according to Franklin Templeton Investments. Grant Bowers, manager of the GBP2.04bn Franklin US Opportunities Fund, said **strong earnings and cash flow from US companies, coupled with increased consumer spending and a stabilised housing market, meant the US economy was "stronger than people gave it credit for**". He said there **had been strong inflows into the fund in the past year, with investors attracted to technology companies and improving industrial and energy sectors**. Mr**Bowers added that many companies emerging from the 2008 financial crisis "stronger and leaner".** The fund focuses on companies with strong balance sheets which can produce sustainable earnings and cash flow growth, with many paying dividends from their growing cash piles. Mr Bowers said **low equity prices on Standard & Poor's 500 - primarily due to risk-averse investors - meant that a "once in a decade" opportunity existed to invest in US company equities.** The ongoing turbulence in Europe would have a minimal effect, likening the Greek economy to that of the US state Maryland. He added: "If that state went bankrupt, the US economy could handle it. The US was the first to enter the downturn, and probably the first to come out of it." Carl Melvin, managing director of Glasgow-based Affluent Financial Planning, said: "I'd agree there are opportunities in America, and every balanced portfolio should have some exposure to what is the world's biggest economy - dependent on your risk profile. "**They seem to be on an upward curve**. There is volatility though, with the elections approaching and healthcare reform, but I broadly agree with Mr Bowers."

# Spending DA UD – Uniqueness – Biz Con Up

## Business Confidence up – massive increases in business spending

Associated Press 7/12

"Economy - The Washington Post."*Washington Post: Breaking News, World, US, DC News & Analysis*. N.p., n.d. Web. 4 July 2012. <http://www.washingtonpost.com/business/

WASHINGTON — A surge in homebuilding pushed U.S. construction spending up by the largest amount in five months, the latest indication that the housing sector is slowly recovering.Construction spending rose 0.9 percent in May from April, the Commerce Department reported Monday. It was the second straight monthly increase and the biggest percentage gain since December. The May increase pushed spending to a seasonally adjusted annual rate of $830 billion. That is 11.3 percent above a 12-year low hit in February 2011. Still, the level of spending is roughly half of what economists consider to be healthy. The construction industry is flashing signs of improvement while others parts of the economy have slumped. Spending on both residential and nonresidential projects rose in May. That shows private builders are starting tohave more faith in the housing market and commercial real estate. But spending on public projects fell to the lowest level since November 2006. That largely reflects tighter government budgets at the state and local level and fading federal stimulus dollars. Steven Wood, chief economist at Insight Economics, said the overall picture for construction was brighter. But he noted that the industry has a long way back to full health. “Construction spending appears to be slowly climbing, emphasis on slowly, out of a very deep hole,” he said. Residential constructionrose 3 percent to an annual rate of $261.3 billion. Spending on nonresidential projects rose 0.4 percent in May to an annual rate of $299.1 billion, the third straight monthly gain. In May, spending on shopping centers, hotels and office buildings all saw gains. Government construction projects fell 0.4 percent to an annual rate of $269.6 billion. Spending at the state and local level fell 1 percent to $242.6 billion at an annual rate. Federal construction rose 5.6 percent to a rate of $27 billion. Recent data suggest the housing market is gradually improving after struggling for the past five years. Homebuilders started work on more single-family homes in May and requested the most permits to build homes and apartments in three and a half years. Completed sales of new and previously occupied homes were up in May from the same month last year. The number of people who signed contracts to buy homes rose in May to match the fastest pace in two years. Home prices are rising in most markets. And mortgage rates have tumbled to the lowest levels on record, which has encouraged more buying. One reason prices are rising is the supply of homes for sale remains extremely low. There were 145,000 new homes for sale in May. That’s just 1,000 higher than in April, when the supply was the lowest on records dating back to 1963. With the supply is thin and sales rising, builders can charge more. It also means there’s room for more competition. Economists say that may explain why builders are laying plans for more homes and apartments over the next 12 months. Still, the market is long way from returning to full health. A sluggish job market could deter some would-be buyers from making a purchase this year. The U.S. economy created only 69,000 jobs in May, the fewest in a year. The unemployment rate rose to 8.2 percent last month from 8.1 percent in April. While spending on homebuilding has risen, spending on government building projects has fallen. Governments at all levels have been struggling to deal with huge budget gaps caused by the recession. The economy grew at a tepid annual rate of 1.9 percent in the January-March quarter. Residential construction added to growth. But many economists expect growth slowed in the April-June quarter.