
From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 7/12/2009 11:37:00 AM
To: Sultan Bin Sulayem [REDACTED]
Subject: Re: World economy growth interesting reading

mandelson is in london

On Sat, Jul 11, 2009 at 9:15 PM, Sultan Bin Sulayem <[REDACTED]> wrote:

* 11 Places With a Worse Economy Than USA
By Rick Newman – Fri Jul 10, 11:50 am ET

*How to tell when a real recovery begins.?
By Rick Newman

*Obama says stimulus plan to kick in later this year.
Reuters

11 Places With a Worse Economy Than USA
By Rick Newman – Fri Jul 10, 11:50 am ET

When times are tough, one thing that tends to raise the spirits is knowing that somebody else has it worse. And as wretched as the U.S. economy seems, it's not as bad as in other regions.

The International Monetary Fund's latest tally of world economic conditions forecasts a 2.6 decline in U.S. economic output for all of 2009, and anemic growth of 0.8 percent in 2010. That's more optimistic than the IMF's prediction from three months ago, but those are still lousy numbers. A weak economy throughout 2010 would mean a bleak employment picture, an agonizingly slow housing recovery, and another year or two likely to feel like a recession, whether it's technically labeled that or not.

We should count ourselves lucky, though. The IMF expects at least 11 major parts of the world to have more severe economic contractions than the United State this year, including most of western Europe, Japan, Russia, and Mexico. Europe will still be stumbling along behind the United States next year, as well. Here are the IMF's projections for economic growth in various parts of the world:

	2009.	2010
China.	7.5	8.5
India.	5.4	6.5
Middle East	2.0	3.7
Africa.	1.8	4.7
Brazil.	-1.3	2.5
World total	-1.4	2.5
Canada.	-2.3	1.6
U.S.	-2.6	0.8
France.	-3.0	0.4
Spain.	-4.0	-0.8
U.K.	-4.2	0.2
E U.	-4.7	-0.1

E Europe.	-5.0	1.0
Italy.	-5.1	-0.1
Japan.	-6.0	1.7
Germany.	-6.2	-0.6
Russia.	-6.5	1.5
Mexico.	-7.3	3.0

If these projections come true, it means the United States, despite its overspent consumers, wrecked banks, and insolvent auto makers, will be leading the world economy out of recession. Somehow. The developing world will help, but those high growth projections in China and India can be deceiving.

China in particular has government policies that practically mandate high growth, and 8.5 percent in 2010 would be just about the bare minimum to keep employment at tolerable levels. And neither China nor India is a major buyer of American-made goods and services; for the most part, it's the other way around. With much of the developed world trailing the United States, it will take American consumers to ratchet up demand for the world's products. Scary thought.

How to tell when a real recovery begins.?

4 Ways to Tell When a Real Recovery Has Begun

You could conclude just about anything from the daily cavalcade of economic statistics. Some suggest an imminent recovery. Others seem to foretell years of gloom. The bent of the expert interpreting the latest news—bull, bear, Obama-basher, Wall Street-hater—has as much to do with the outlook as the numbers themselves.

For the foreseeable future, there will be an aggressive hunt for two economic recoveries. One is the technical improvement in economic indicators that signals the economy is growing again. That's the one economists care about, which is why they scour the numbers on retail sales, business inventories, purchasing manager sentiment, subatomic inflation, the mood in Shanghai, and anything else that could help pinpoint the exact inflection point for a turnaround.

The other recovery, the one that most consumers are waiting for, is the one in which companies stop firing and start hiring, banks return to normal lending, and families stop worrying about jobs and income. And that turnaround—the consumer recovery—is likely to take much longer to materialize than the technical recovery.

The danger of hyping a technical recovery is that it will arrive, with much fanfare—but fail to make ordinary consumers feel better off. Many economists, for example, are predicting that the recession will officially end by this summer or fall. The only problem is that when a technical recovery begins, a lot of companies fail to get the memo. They don't play along; they keep payrolls lean and maybe even continuing to lay off workers. So to guard against false optimism, here's how to tell when a real recovery is finally kicking into gear:

Unemployment improves. The single best indicator of the health of the economy is the job market. People who have lost their job, or worry that they might, obviously hoard their money and don't spend. That spells doom for an economy driven by consumer spending, as ours is. But once it's clear that jobs are coming back, consumers are more likely to relax and open their wallets.

Projections about unemployment should make anybody queasy about the prospects for a recovery this year. The unemployment rate is currently 9.4 percent, a steep rise from one year ago, when it was an unremarkable 5.5 percent. And by most accounts, it's going to get worse. The International Monetary Fund expects the U.S. unemployment rate to be 10.1 percent in 2010. Economist Gary Shilling thinks unemployment will hit 11.4 percent and not peak until late next year.

It's hard to imagine a "recovery" in which jobs are even more scarce than they are now. When the unemployment rate finally starts to go in the other direction, we can start to think about putting the umbrellas away. Until then, no number of upticks or volume of optimistic talk will persuade Americans worried about their jobs that they should part with precious cash.

Housing prices stabilize. This has become a mantra by now: For the economy to get healthy, housing prices must stop falling. Problem is, the houses haven't been listening.

Housing matters for two reasons: It represents a big chunk of the economy, and it's the largest single repository of Americans' household wealth. With prices falling, buyers are scarce, since nobody wants to buy an expensive good today if it's going to be worth less tomorrow. With few buyers, all the other economic activity that swirls around real estate—remodeling, appliance and furniture

sales, relocation services—is depressed. Homeowners are worse off, too, because the value of one of their vital assets is eroding.

House prices have already fallen by 32 percent nationwide from the 2006 peak. And they have further to go. The latest readings on the S&P/Case-Schiller home price index, one prominent measure, showed another record decline in May. At some point, the declines will moderate and stop being records. But prices need to stop falling altogether, and probably rise, for a real recovery to happen. The Federal Reserve thinks home prices could stop falling in 2010, after a total decline of 41 to 48 percent. Other metrics, like housing starts and new-home sales, might point upward before then. Those will be signs of signs of a turnaround, not the real thing.

Household wealth increases. The housing bust and the volatile stock market have hammered the traditional investment tools that most Americans use, causing epic declines in the wealth of Americans. Since 2006, household net worth has declined by about \$12 trillion, which equates to about \$107,000 of lost wealth for each of America's 112 million households. That's partly because of the 40 percent plunge in the stock market since October 2007 and partly because of the steep declines in real estate values.

Americans simply own less, too. Home equity for the typical homeowner is just 41.1 percent, a record low. In 2002, it was 58.4 percent. Owning less means we owe more and will have to rebuild savings before we can spend like we used to. "This will be a drag on all discretionary purchases," says Dirk van Dijk, an analyst at Zacks Investment Research who thinks the tightfistedness will cut into the earnings of firms ranging from hotel chains to furniture makers to motorcycle manufacturers. Those are the same kinds of companies that need to start hiring again for a real recovery to develop. But they won't if sales stay sluggish. A turnaround will require sustained stock market gains and an end to the housing bust.

President Obama stops fudging on the economy. There's still a lot that could go wrong, and Obama knows it. Yet part of the president's job is to reassure skittish Americans, even as his economic lieutenants are fighting battles in the war room. That's why Obama has been making half-hearted pronouncements, like saying that the economy shows "some return to normalcy" and that "we expect there'll be some stabilization of the economy." Virtually all of Obama's remarks on the economy contain modifiers and future tense and a not-quite-there-yet quality, since he'll blow his own credibility if he tries to convince Americans that they're better off than they actually are. When Obama starts hedging less, be happy. That will signal better days. Finally. The IMF does offer a bit of more heartening news: The global wipe out finally seems to be receding. "The world economy is stabilizing," the IMF reports. Its global economic growth projection of 2.5 percent in 2010 is 0.6 points higher than predicted in April. But the global economy isn't expected to gain its footing in earnest until the second half of 2010. Maybe by then American spenders will have come out of hiding.

Obama says stimulus plan to kick in later this year Reuters
Obama says stimulus plan to kick in later this year

By Tom Doggett – Sat Jul 11, 3:13 pm ET

WASHINGTON (Reuters) – President Barack Obama said Saturday more time was needed for his \$787 billion stimulus package to work, predicting the spending would have a bigger impact on the economy later this year.

In an advanced text of his weekly radio speech, Obama said the stimulus plan approved by Congress and signed into law in mid-February "was not designed to work in four months -- it was designed to work over two years."

U.S. Treasury Secretary Timothy Geithner said it was too soon to decide whether the U.S. economy needed the help of a second-round of government stimulus to recover from recession.

"I don't think that's a judgment we need to make now, can't really make it now prudently, responsibly," he said in a taped interview with CNN that will air Sunday.

According to a transcript provided by CNN, Geithner said the "biggest thrust" of the stimulus package signed into law earlier this year would take effect in the second half of the year.

Obama's comments follow government data showing the unemployment rate soared to 9.5 percent in June, the highest level since 1983 and above the 8 percent peak predicted by the White House when it worked with Congress to pass the package. Republicans say the stimulus plan is not working.

Obama now warns unemployment likely will top 10 percent in the coming months.

"We must let (the stimulus plan) work the way it's supposed to, with the understanding that in any recession, unemployment tends to recover more slowly than other measures of economic activity," Obama said.

He said the benefits of the plan would "accelerate greatly throughout the summer and the fall."

The continuing recession and further steep job losses are wearing away the patience of Americans and raising doubts about Obama's handling of the economy.

The share of Americans who believe the stimulus package will restore the economy slipped to 52 percent in late June, down from 59 percent two months earlier, according to a Washington Post-ABC News poll.

Vice President Joe Biden said the administration had "misread" how bad the economy was when it took office but that the stimulus package would help the economy recovery and create jobs.

Senate Republican Leader Mich McConnell Friday called the stimulus plan a failure.

Obama said it takes time for the plan's money "to get out the door" to pay for roads, bridges and other infrastructure projects that will create jobs "because we are committed to spending it in a way that is effective and transparent."

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