

BEWARE OF MIRAGES ON THOSE ECONOMIC HORIZONS !

Wall Street investors may be viewing a mirage on the horizon in respect of the US economy.

There is no water there, only sand.

There are as many negative indicators with regard to the US economy as there are seemingly positive indicators.

Put together, it would appear to **TARGET's** financial analysts that there is little definitive evidence to substantiate the recent run-up on US equity markets.

The US President, Mr George W. Bush, speaking to his people in his weekly radio address, said that the US economy is on the mend.

He talked of the growth of US corporations, but failed to state that those same corporations had written off tens of billions of dollars in the previous few years and that the base, from which they, now, claim to be making a comeback, is from one, which to many, represent between 10 percent and 30 percent of previous levels.

President Bush said that many corporations are earning profits, but are afraid to hire new staff due to uncertainties.

Of that fact, he was correct.

And the reason for those uncertainties is that management of those corporations sees little chance of growth in their respective industries, either in Continental US or elsewhere.

Lastly, in respect of President George W. Bush's radio talk, one must remember that Presidential elections are just around the corner.

Now, Looking At The Facts

The Conference Board, which, among other things, surveys the help-wanted advertisements in 51 major US newspapers, has determined that its Help-Wanted Index, for the month, ended July 3, 2003, stood at 38 points.

That is unchanged from the previous month, ended June 3, 2003.

It is, also, 6 points below the value for July 2002.

Taken together with the statistics, compiled by the US Government's Labour Department, it does not present a picture of economic health for the world's only superpower.

In May, this year, there was a suggestion that the Help-Wanted Index had started to bottom out: That suggestion has been dashed by the latest figures.

The May figure was 35 points, 3 points lower than the July figure of 38 points.

Looking at the number of Mass Layoffs (defined as being 50 or more workers, being sacked at one time from a single entity) for the month, ended July 3, 2003, as compiled by the US Government's Bureau of Labour, it stood at 226,435 workers.

That is a considerable increase, Month-on-Month, when it stood at about 157,552 workers.

In fact, the figure of 226,435 workers is the highest level since January, this year, when the number of Mass Layoffs involved some 225,430 workers.

Perhaps, more pointed was the fact that, of the 226,435 workers, who were laid off for the month of July, 136,410 workers were employed in the manufacturing industry.

And that statistic, compared with the June figure of 40,845 workers, involved in Mass Layoffs, is an increase of about 234 percent, Month-on-Month.

Mass Layoffs in the manufacturing industry of the US accounted for about 60 percent of all Mass Layoffs in the month of July.

The importance of this statistic suggests, once again, a continuing sluggish economy.

As such, industry will be hamstrung to hire more of the displaced workers.

Throwing Consumer Sentiment into the economic '*pot*' and one sees that there is little reason for the current, relatively high prices of many of the shares, listed on The New York Stock Exchange and on the NASDAQ.

According to The University of Michigan's Consumer Sentiment Survey, for the period, ended August 3, 2003, it was revised down to 89.30 points!

It had, provisionally, been set at about 90.20 points.

The present figure of 89.30 points is about 12 points higher than the 9-year low.

To state that there had been an erosion of confidence in the US is to state the obvious.

US consumers continue to fret about job security – and rightly so, too.

Of that situation, there would appear to be little to alleviate the fear of workers, as industry continues to shed workers, en masse.

Lastly, looking at the number of personal bankruptcies in the US for the second quarter of this year, it may be frightening for some people to learn that the numbers hit the figure of 430,926.

It was the highest level of the past year – at least.

According to Bankruptcy Courts in the US, Personal Bankruptcies (Chapter 7, as it is known in the parlance) totalled 312,221 filings.

That figure compared with 285,883 filings for the first quarter.

Continued job losses and what must be record, debt-service burdens, no doubt, predicated the high level of Chapter 7 filings.

President George W. Bush's tax cuts, it appears, have not yet alleviated the sufferings of the man on the assembly line, or the worker, who has just received his pink slip.

High-debt levels, coupled with the number of jobs, being lost in the economy, especially in the lower-income bracket, is being felt, to be sure.

It would appear to **TARGET** that cash is still king in this marketplace.

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