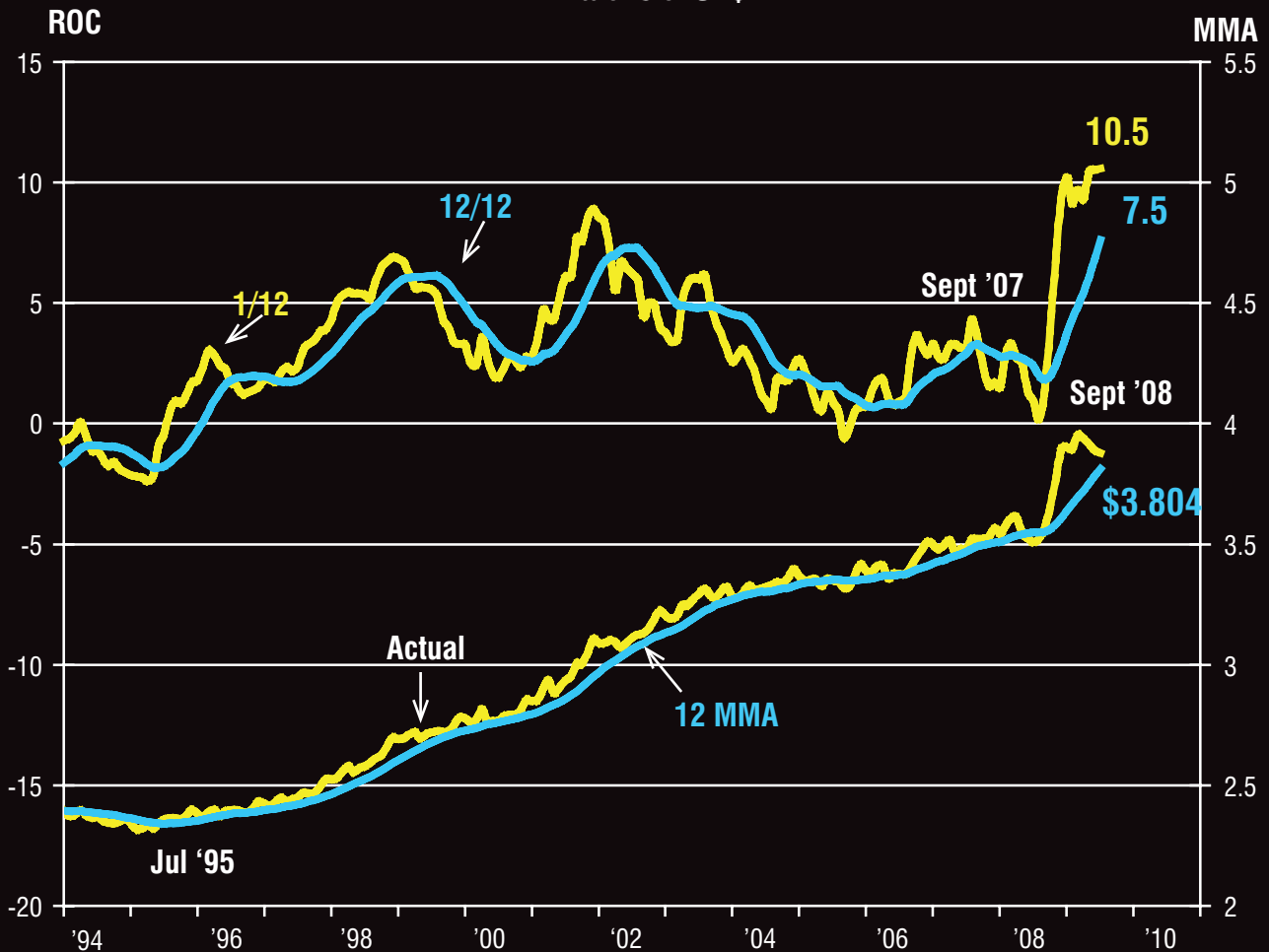


Money supply

Fed has introduced a surge of money in the financial system, but this could result in higher inflation

Source: Institute for Trend Research
Compiled by Sahely Mukerji

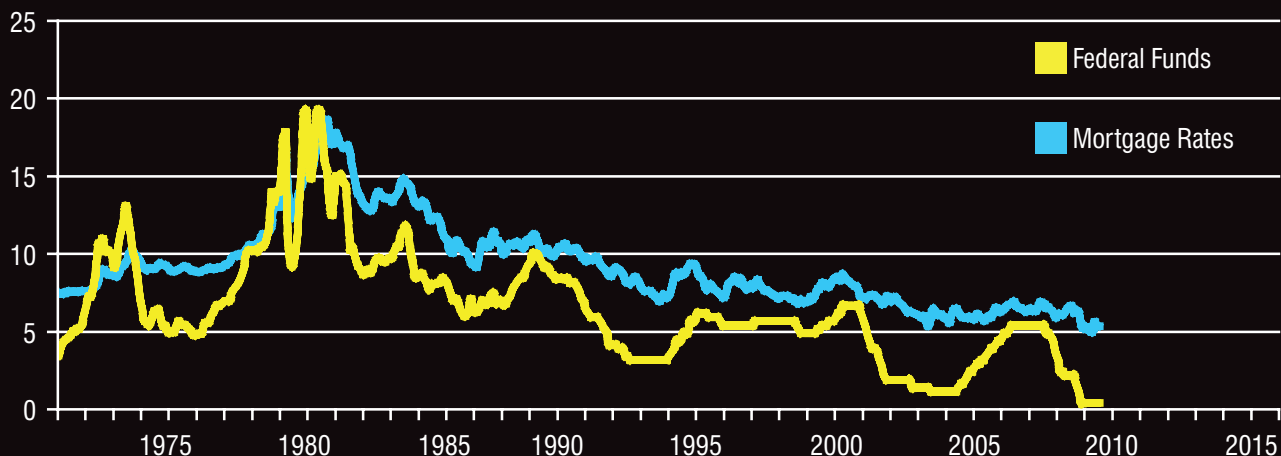
US M2 money supply
Trillions of 82\$



M2 Money Supply is the measure of “money in the system” at a given point in time. The rapid increase in the money supply through 2009 is significant for at least two reasons. First, the accelerated rise in the rates-of-change (upper right lines), reflects the generous surge of money the Federal Reserve has introduced into the financial system over the past 18 months. Theoretically, this means that there is money available. It also

means that consumers are saving at a healthy pace. Businesses are paying down debt and reducing their borrowing. Interest rates will remain favorable in 2010, however credit will be slow to ease up. Second, an increase in the money supply usually results in higher inflation, which is expected to reappear in 2011 and 2012.

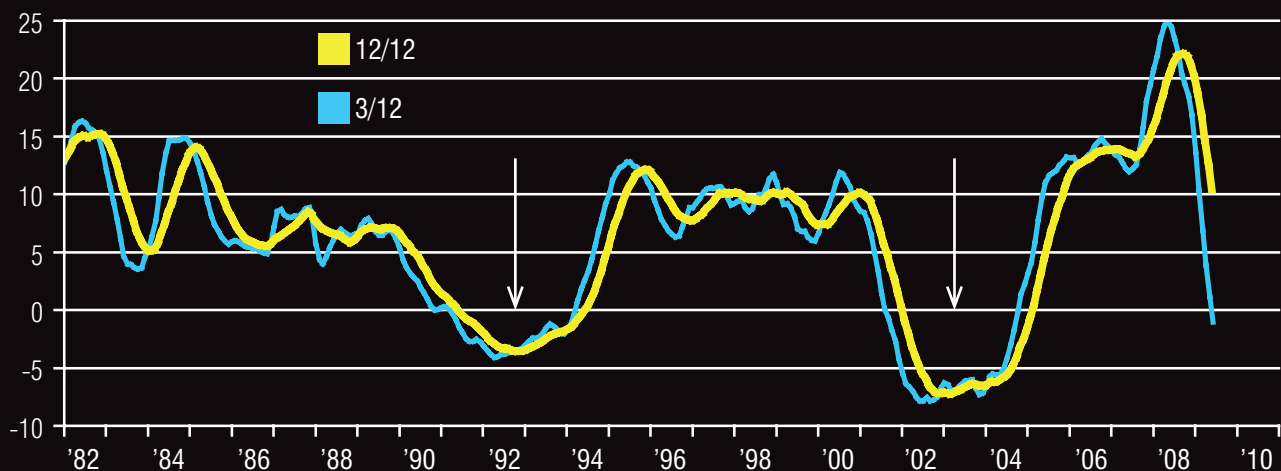
Mortgage rates to federal funds Raw data



Mortgage rates are near historic lows. Residential and commercial property prices are still declining. Whether as a long-term personal investment or for the expansion of business, now is the time for qualified, cash and credit worthy individu-

als/companies to borrow. Buy property for later expansion. Purchase bargain equipment and technology to improve efficiencies for sustained profitability in the future. Interest rates will be moving higher late in 2010 and through 2011-2012.

Commercial and industrial loans at commercial banks Rates-of-change



A common question is, “when will credit ease?” This chart illustrates that tighter credit is normal during and after recessionary periods. It usually takes banks one to two years to balance their books and return to a more “normal” pattern of lending. Expect credit requirements to remain tight through 2010 and likely into 2011. Get your accounts receivables in order and be persistent.