



These days, when David Rosenberg, Chief Economist for Merrill Lynch talks, we tend to listen more attentively. Why? “Rosy” has been one of the very few prognosticators to be accurate in calling the timing, depth and breadth of this recession.

His GDP forecast chart above is more pessimistic than many, particularly for the first quarter of 2009. However, IF he is correct the stock market may begin to anticipate improved GDP sometime next spring or summer. But also note that his GDP forecast for 2010 in total is only 0.5 percent. So a significant stock market recovery may take a while.

The GDP forecast also indicates that the US economy, while in recession, is most likely not in as bad of shape as the news media portrays. The recently reported unemployment numbers are not good but remember that unemployment is a lagging indicator so expect it to get worse in 2009. The stock market is a leading economic indicator so it will anticipate improvement before employment numbers improve.

As always please contact us if you have questions, concerns or just can't sleep at night. But please call during normal business hours!

Best regards,

Colorado Financial Management, Inc.