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OIL UP! DOLLAR DOWN! BANKS??

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WHAT ABOUT THE BANKS?- In a Google search last week it was reported by Robert Folsom that "bank failure" phrase was in 473 news articles. The more prominent articles dealt with hidden fees to bank customers to falling earnings. A survey conducted in England cites bank failures tend to produce an increase in heart attacks… then again so does a loss to a Brit's favorite football team.

The word is the FDIC is hiring. Its website says, "*Skill in performing duties associated with a financial-institution closing, such as receivership management, resolutions and / or asset disposition; knowledge of the resolutions process as it relates to complex financial institution."* It also suggests the jobs will likely require "very frequent overnight travel". But the pay is as high as "180,770. Well, there probably will be some bank closures, but it's highly unlikely there will be a run on banks.

In an interview last week, Richard M. Kovacevich, CEO of Wells Fargo said 2008 and 2009 are bringing banks into uncharted waters. He stated that Wells Fargo will not be making major acquisitions but likely small ones. Of course he is scheduled to vacate his $50 mil plus annual salary position near the end of this year. When asked if he would reconsidered he virtually said *No Way*. Wells Fargo does have some federal investigations going on which involve the mortgage problem. No one can deny that Kovacevich may have been one of the best bankers ever. He claims well executed cross selling to their customer base was their key to success.

So, will the banks fail. Likely yes. It was anticipated in an article several years ago that by 2025 there will only be 5 banks in the United States. Hey, maybe it will come true. But don't despair. Banks exist on "OPM" (other people's money) so they have as much a stake in the economic future of the United States and financial soundness of American families, as each American citizen.

RATE CUTS– Historically, when the Feds cut rates there is a 6 month delay in the upswing of the stock market. Apparently, that is the time to assess the impact and for Wall Street to believe the resolve of the Fed Chief. Thus, far, the latest rate cuts no only didn't bring a re-bound in the stock market, but there was a 3 % drop which is totally out of character for the stock market. However, there is strong opinion that the major difference is Alan Greenspan is no longer the Fed Chief. The Street isn't certain of Bernanke's resolve to infuse confidence on The Street. Some experts suggest that we must wait to the end of the 1st half of 2008 to determine if all stop gaps taken have successfully fended off a recession.

PROPERTY VALUES-

HUD and the Census Bureau released a joint report mid last week. January 2008 saw an annual 33.9% drop in new home sales to 605,000. The Northeast was down 10.3 % for January. The current rate of supply is 9.9 months which is up from 9.5 months in December; and a 2.7 months increase from January 2007. Median sale prices were dwon from $254,400 in January 2007 to $216,000 in January 2008. But don't despair. These numbers may be skewed for two reasons. First, the last half of the 4th quarter of any year always reflects decreased housing sales as does the 1st half of the 1st quarter of each year. In addition, those dwellings placed on the market by builders are those that have been dragged under construction for many months in hopes of a spike in the market. Now that "under construction" inventory is nearly at an end, realistic pricing by builders will occur and sales will increase. See. All ain't so bad

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