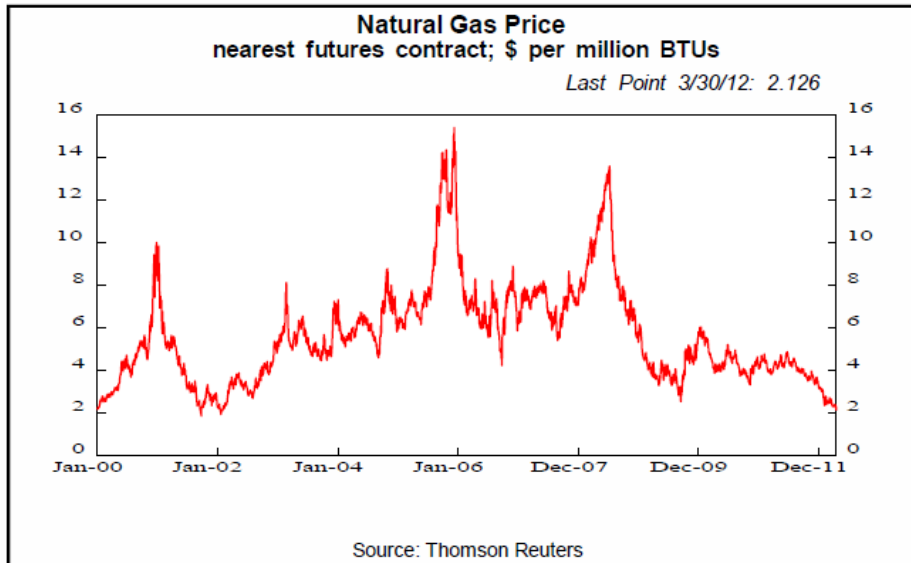


**Here is a series of graphs I have collected over time.**

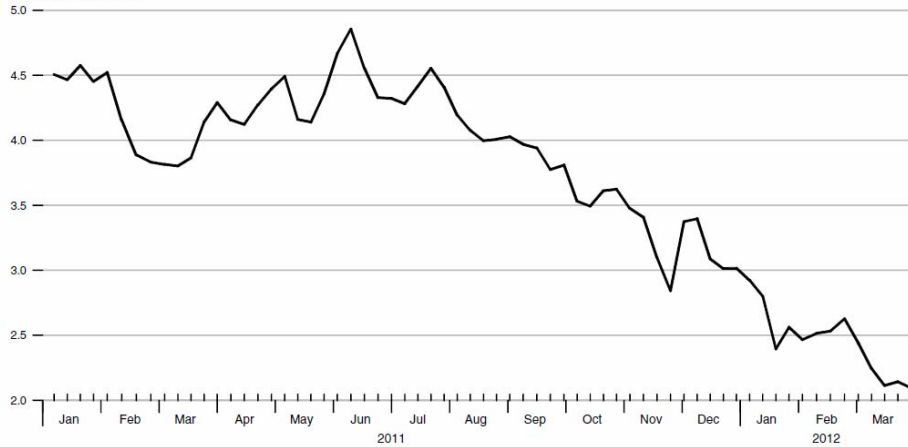
**March 30, 2012**

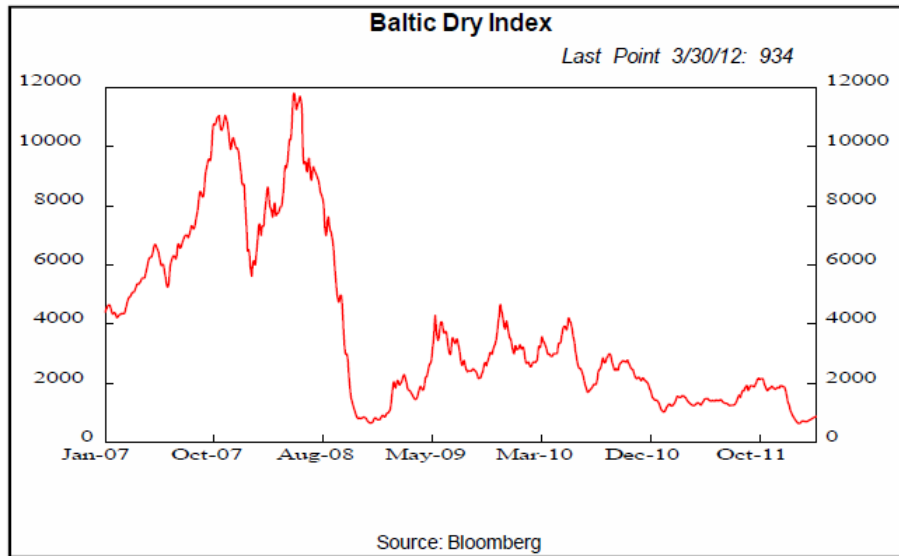


**Natural Gas Spot Prices**

Henry Hub, Averages of Daily Figures

Dollars per million btu





## Interest Rates

Percent

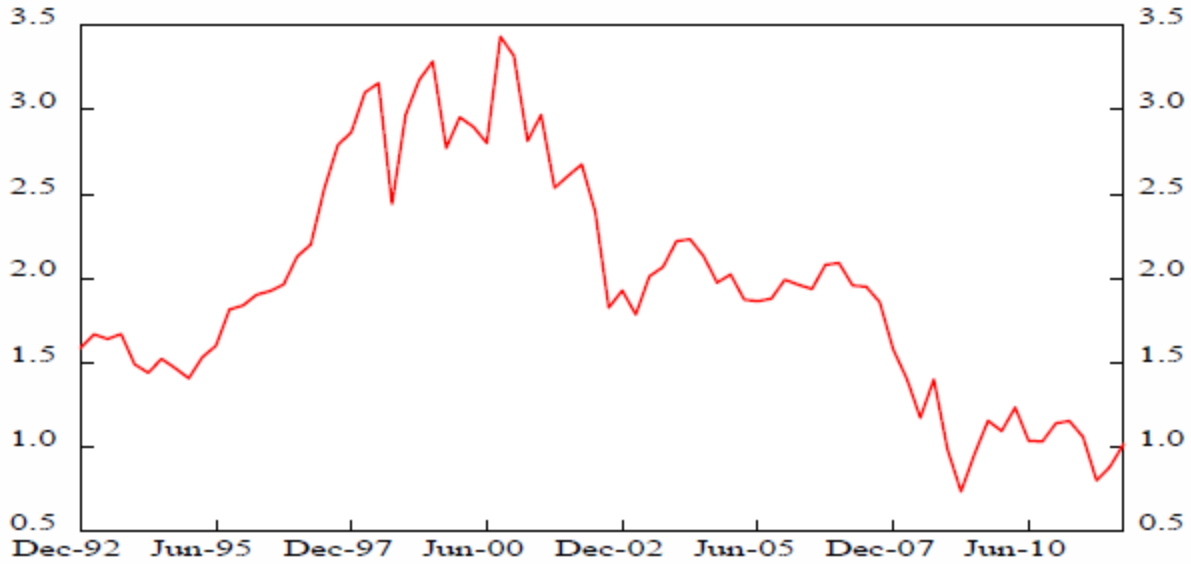
	30-Day Comm. Paper	90-Day CDs	2-Year Interest Rate Swap	Corporate Aaa Bonds	Corporate Baa Bonds	Municipal Bonds	Federal Funds	3-Month Treasury Bill	2-Year Treasury Securities	5-Year Treasury Securities	10-Year Treasury Securities	30-Year Treasury Securities
Jan 6	0.08	0.49	0.72	3.87	5.28	3.83	0.05	0.02	0.26	0.88	1.99	3.02
13	0.10	0.41	0.62	3.85	5.21	3.62	0.07	0.02	0.24	0.83	1.95	2.98
20	0.09	0.36	0.58	3.83	5.20	3.60	0.09	0.04	0.24	0.85	1.96	3.00
27	0.08	0.36	0.56	3.90	5.29	3.68	0.09	0.05	0.23	0.84	2.01	3.12
Feb 3	0.09	0.34	0.51	3.80	5.13	3.60	0.09	0.07	0.23	0.73	1.88	3.02
10	0.11	0.31	0.53	3.89	5.17	3.70	0.11	0.09	0.26	0.81	1.99	3.13
17	0.13	0.28	0.58	3.84	5.15	3.65	0.12	0.11	0.29	0.84	1.97	3.12
24	0.12	0.29	0.60	3.85	5.15	3.69	0.09	0.09	0.31	0.89	2.01	3.15
Mar 2	0.13	0.29	0.56	3.82	5.08	3.72	0.09	0.09	0.30	0.86	1.97	3.09
9	0.12	0.27	0.56	3.88	5.11	3.84	0.11	0.08	0.31	0.87	2.00	3.14
16	0.13	0.29	0.61	4.05	5.28	3.95	0.12	0.09	0.36	1.06	2.21	3.34
23	0.15	0.30	0.63	4.09	5.34	4.01	0.15	0.09	0.39	1.16	2.32	3.40
30*	0.14	0.31	0.58	3.99	5.25	.	0.14	0.09	0.34	1.06	2.22	3.31

\*Averages of rates available

**March 26, 2012**

## S&P 500 Financials Price-to-Book Ratio

Last Point 3/5/12: 1.01



Source: Bloomberg

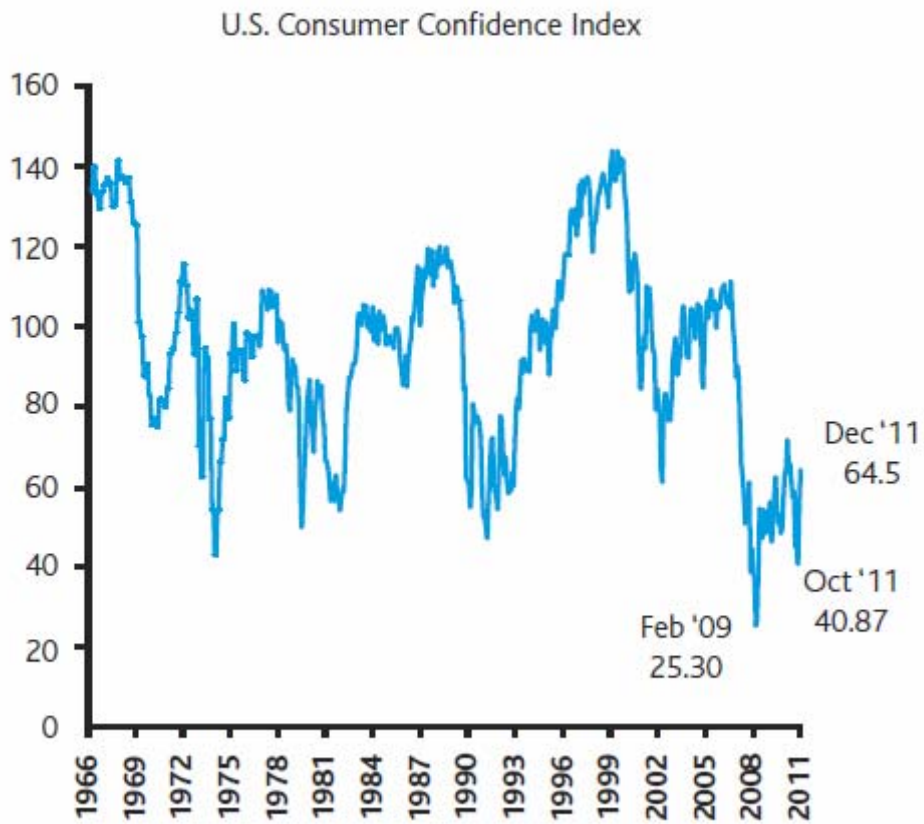
February 15, 2012



**February 6, 2012**

## 2011: Consumer Confidence is Improving but Still at Historical Lows

As of December 31, 2011



Source: FactSet and The Conference Board

**January 6, 2012**

**CHART 32**  
**Equity Values Are Good**

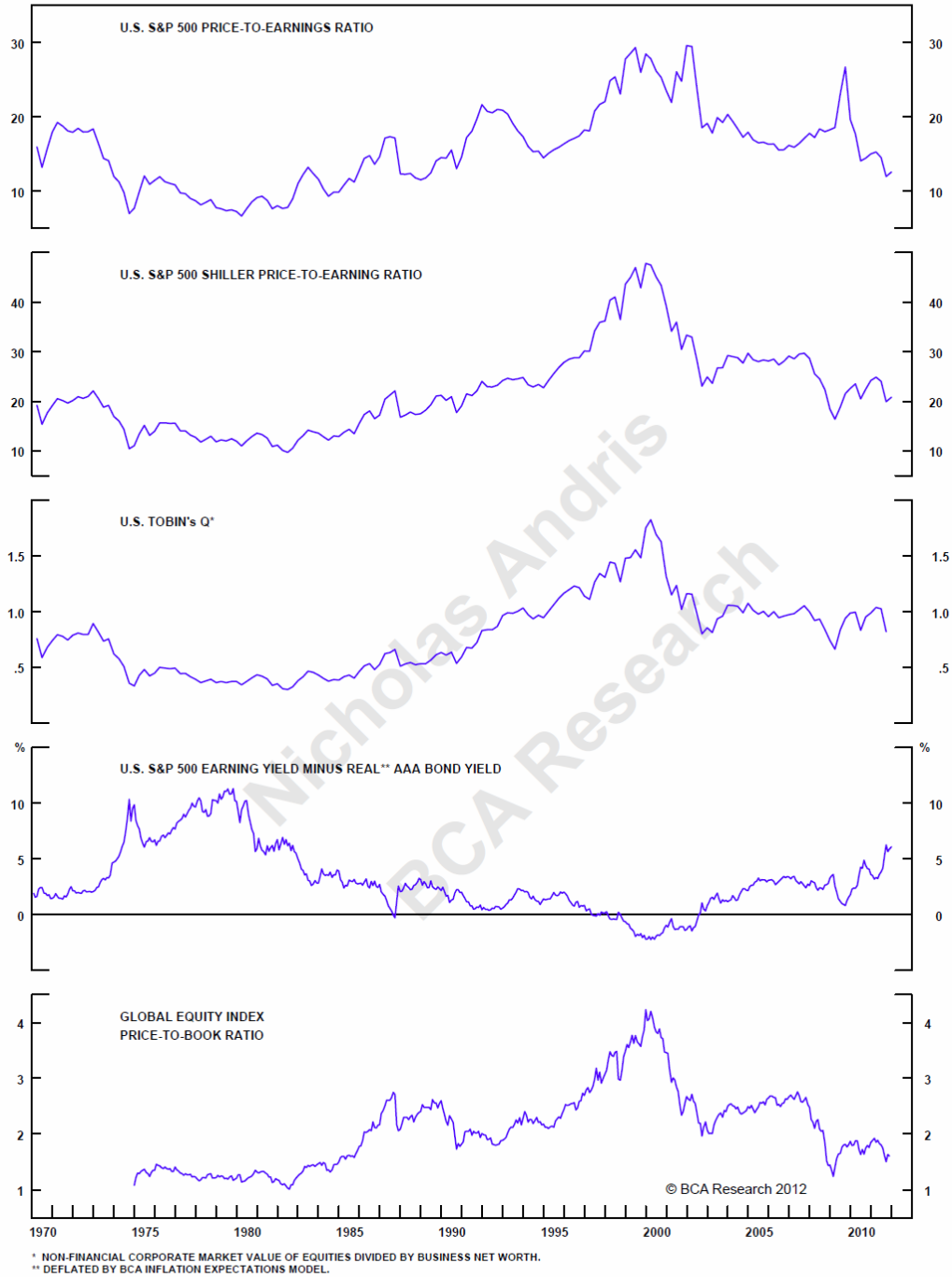
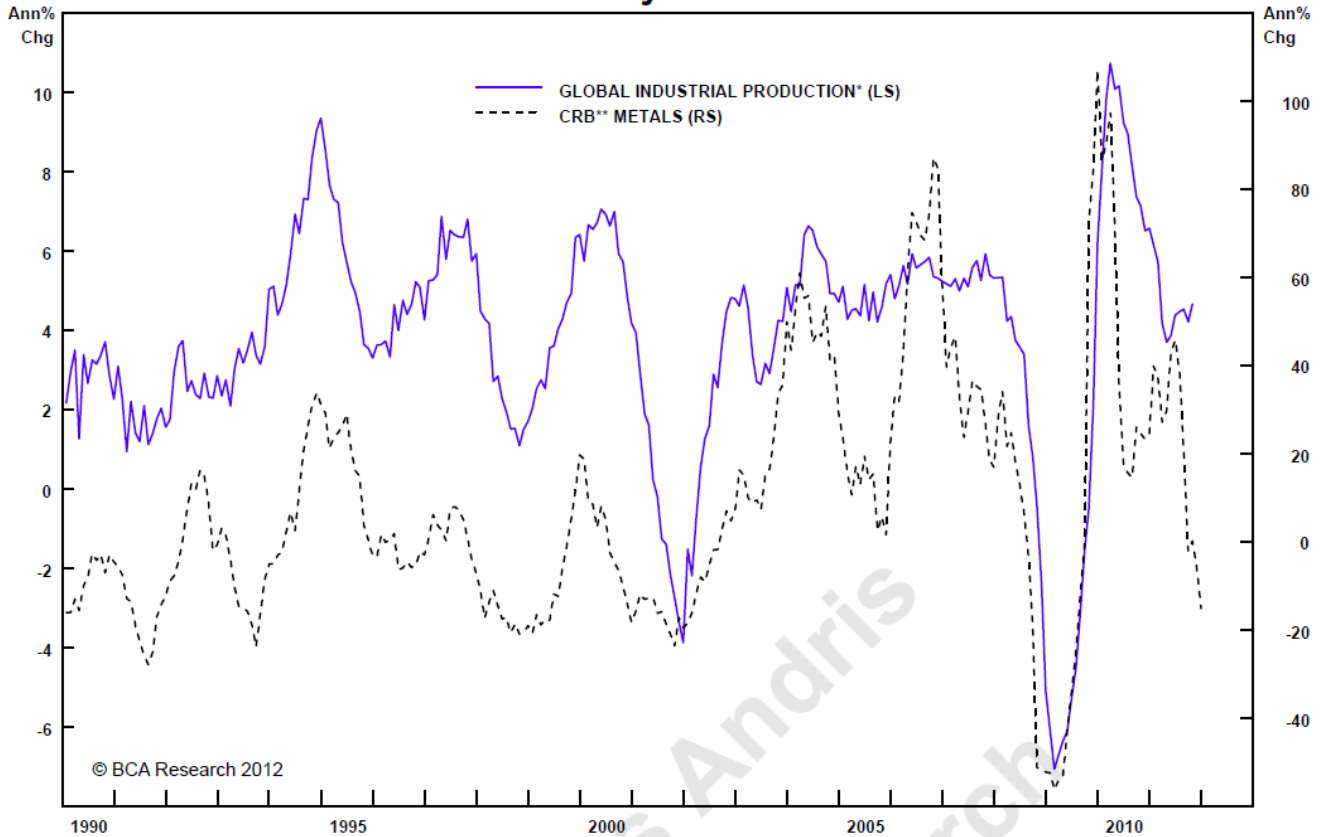


CHART 45

Metals Are Tied To The Economic Cycle



\* INCLUDES 40 COUNTRIES.  
 \*\* COMMODITY RESEARCH BUREAU, INC.

**November 28, 2011 Selected Interest Rates as of 11/25/11 ( Interesting if you look below at 8/8/11, you can compare rates at that time. Hit <Ctrl- F> and search term “Interest rates.”**

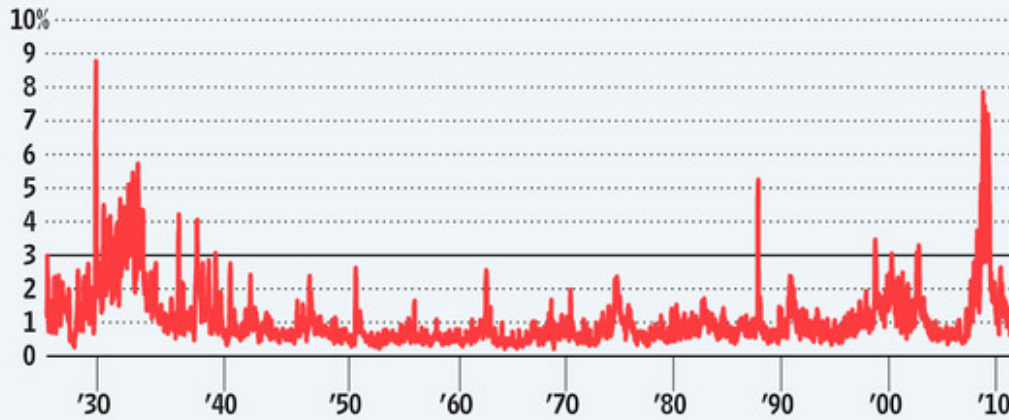
Interest Rates

Percent

		30-Day Comm. Paper	90-Day CDs	2-Year Interest Rate Swap	Corporate Aaa Bonds	Corporate Baa Bonds	Municipal Bonds	Federal Funds	3-Month Treasury Bill	2-Year Treasury Securities	5-Year Treasury Securities	10-Year Treasury Securities	30-Year Treasury Securities
Sep	2	0.09	0.31	0.50	4.34	5.40	4.14	0.09	0.02	0.20	0.93	2.17	3.52
	9	0.09	0.31	0.52	4.11	5.24	4.05	0.08	0.02	0.20	0.87	1.99	3.30
	16	0.09	0.32	0.52	4.14	5.33	4.07	0.09	0.01	0.20	0.91	2.03	3.32
	23	0.09	0.34	0.49	3.98	5.18	3.85	0.09	0.01	0.20	0.85	1.87	3.02
	30	0.07	0.35	0.54	4.06	5.31	3.93	0.08	0.02	0.26	0.96	1.97	3.02
Oct	7	0.08	0.36	0.63	3.91	5.26	4.14	0.07	0.01	0.27	0.96	1.93	2.88
	14	0.09	0.37	0.67	4.10	5.52	4.17	0.07	0.02	0.30	1.14	2.22	3.17
	21	0.09	0.37	0.64	3.98	5.41	4.08	0.07	0.03	0.28	1.07	2.20	3.18
	28	0.08	0.37	0.63	3.97	5.36	4.12	0.07	0.02	0.29	1.11	2.28	3.29
Nov	4	0.11	0.37	0.58	3.84	5.11	4.02	0.08	0.01	0.23	0.91	2.07	3.07
	11	0.11	0.39	0.62	3.88	5.12	4.02	0.08	0.01	0.25	0.90	2.05	3.08
	18	0.10	0.43	0.74	3.89	5.16	4.09	0.08	0.01	0.26	0.91	2.02	3.04
	25*	0.10	0.45	0.80	3.83	5.12	.	0.08	0.02	0.26	0.90	1.93	2.90

## The Volatility of Bank Stocks, 1926 – Nov. 25, 2011

Historically, spikes above 3% indicate a looming crisis.



Note: Volatility is measured statistically as the standard deviation of the daily returns on an index of bank stocks computed using a 30-day rolling window.  
Source: Center for Research in Security Prices (CRSP) database at the University of Chicago Booth School of Business.

**November 23, 2011**

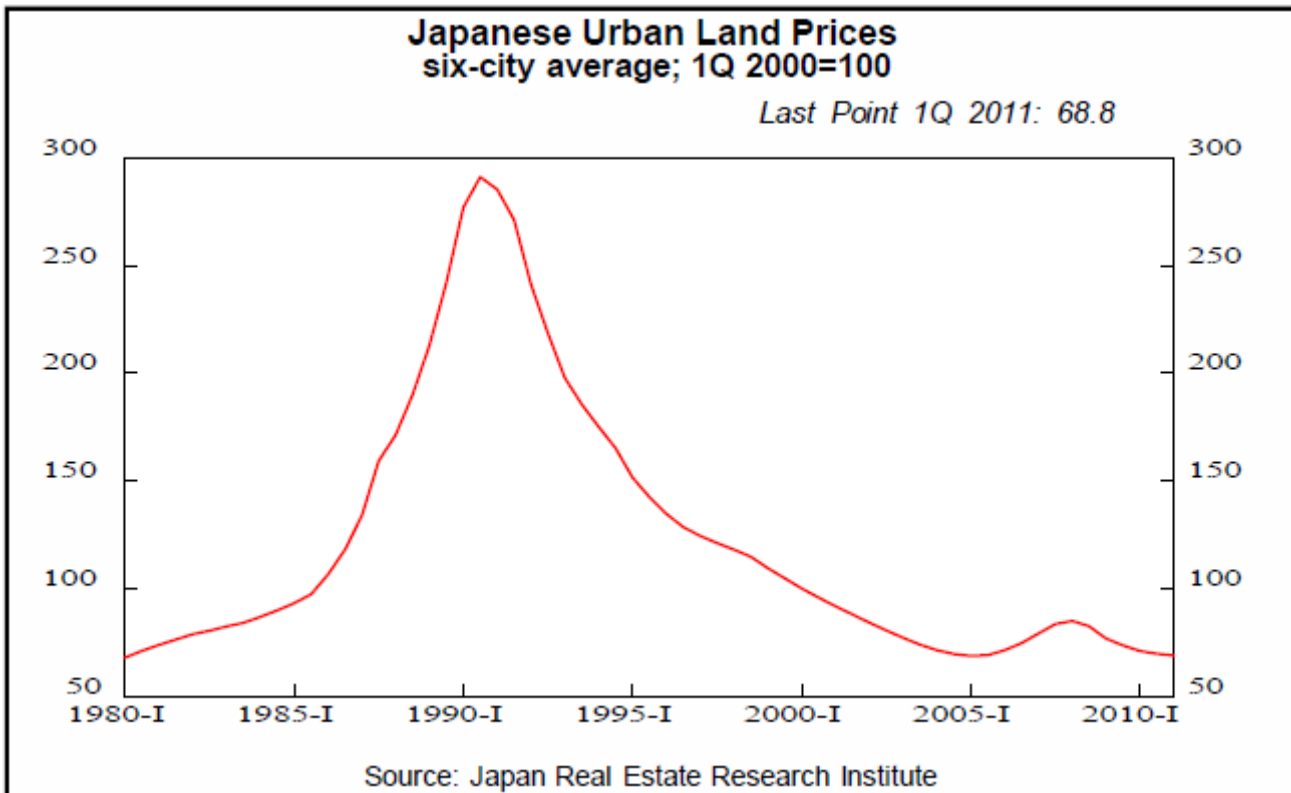


Exhibit 6

Historical Bear Market Cycles

Peak		Trough		% Change Peak to Trough	Length of Peak to Trough (months)	P/E Contraction Peak to Trough
Date	S&P 500	Date	S&P 500			
Jun 1948	17.06	Jun 1949	13.55	(20.6)%	12	(38.4)%
Dec 1952	26.59	Aug 1953	22.71	(14.6)	8	(18.3)
Jul 1956	49.74	Dec 1957	39.42	(20.7)	17	(15.3)
Jul 1959	60.62	Oct 1960	52.30	(13.7)	15	(10.3)
Dec 1961	72.64	Jun 1962	52.32	(28.0)	6	(33.8)
Jan 1966	94.06	Sep 1966	73.20	(22.2)	8	(26.7)
Nov 1968	108.37	Jun 1970	72.72	(32.9)	19	(31.2)
Dec 1972	119.12	Sep 1974	62.28	(47.7)	21	(63.2)
Dec 1976	107.46	Mar 1978	86.90	(19.1)	15	(26.6)
Nov 1980	140.52	Aug 1982	102.42	(27.1)	21	(24.7)
Aug 1987	336.77	Dec 1987	223.92	(33.5)	4	(41.2)
Jul 1990	368.95	Oct 1990	295.46	(19.9)	3	(20.1)
Jul 1998	1186.75	Aug 1998	957.28	(19.3)	1	(19.3)
Mar 2000	1527.46	Oct 2002	776.77	(49.1)	31	(14.9)
Oct 2007	1565.15	Mar 2009	676.53	(56.8)	17	(48.3)*
<b>Average</b>				<b>(28.3)%</b>	<b>13.2</b>	<b>(28.8)%</b>
<b>Apr 2011</b>	<b>1363.61</b>	<b>Current(a)</b>	<b>1099.23</b>	<b>(19.4)</b>		<b>(21.8)</b>

\*Excluding financial sector write-downs

(a) As of October 3, 2011

Source: Standard & Poor's, UBS Investment Research, and Omega Advisors, Inc.

S&P 500 P/E and Inflation(a)

<u>CPI</u> <u>(Y/Y% change)</u>	<u>P/E Ratio</u>	
<1%	15.79x	
1% to 3%	17.21	
3% to 5%	15.59	
5% to 7%	12.81	
>7%	8.70	
<b>Average (1960 to 2009)</b>	<b>14.98x</b>	<b>In this same period 10 year U.S. Government Bond, yielded an average of 6.67%</b>
<b>S&amp;P 500(b)</b>	<b>11.6x</b>	

(a) S&P 500 P/E on 12-month forward operating earnings

(b) As of October 6, 2011. 12-month forward operating earnings of \$100.0

Source: BLS, Standard & Poor's, Thomson Financial, and Omega Advisors, Inc.

## Bear Market Valuation

Date of Economic Peak	Date of Economic Trough	Recession Duration (month)	S&P 500 P/E at Its Lowest in the Recession		10-Year Treasury Yld	LT Corp. Bond Yield	Earnings Yield less		
			Date	P/E			Treasury	Corp. Bond	Y/Y %ch in Core CPI
Apr 1960	Feb 1961	10	Apr 1960	16.04	4.28	4.61	1.96	1.63	4.24
Dec 1969	Nov 1970	11	Jun 1970	13.17	7.84	8.55	-0.25	-0.96	1.06
Nov 1973	Mar 1975	16	Sep 1974	6.97	8.04	9.44	6.30	4.90	4.12
Jan 1980	Jul 1980	6	Mar 1980	6.68	12.75	13.11	2.23	1.86	2.37
Jul 1981	Nov 1982	16	Feb 1982	7.36	14.43	15.53	-0.85	-1.95	4.38
Jul 1990	Mar 1991	8	Oct 1990	12.15	8.72	10.10	-0.49	-1.87	2.87
Mar 2001	Nov 2001	8	Mar 2001	21.30	4.89	7.23	-0.19	-2.54	2.08
Dec 2007	Jun 2009	18	Feb 2009	12.15	2.87	6.56	5.36	1.67	6.44
<b>Average</b>		<b>12</b>		<b>12.0</b>	<b>8.0</b>	<b>9.4</b>	<b>1.76</b>	<b>0.34</b>	<b>3.45</b>
			<b>Current (10/6/11)</b>	<b>12.3</b>	<b>1.99</b>	<b>4.56</b>	<b>6.15</b>	<b>3.58</b>	<b>6.19</b>

P/E and earnings yield are based on month-end S&P 500 price and 4-quarter trailing operating EPS. Treasury and corp. bond are average monthly yield.

Source: NBER, Standard & Poor's, Thomson/Reuters, FRB, Moody's, BLS, Bloomberg, and Omega Advisors, Inc.

*At historical average of earnings yield less investment-grade corp.-bond yield, S&P 500 is discounting 2012 EPS of about \$60.  
At 2009 earnings yield less investment-grade corp.-bond yield, S&P 500 is discounting 2012 EPS of about \$72.*

## August 8, 2011

### Selected Interest Rates. S&P downgraded USA to AA+ at end of day on 8/5/11.

## U.S. Financial Data

updated through  
08/11/11

### Interest Rates

Percent

	30-Day Comm. Paper	90-Day CDs	2-Year Interest Rate Swap	Corporate Aaa Bonds	Corporate Baa Bonds	Municipal Bonds	Federal Funds	3-Month Treasury Bill	2-Year Treasury Securities	5-Year Treasury Securities	10-Year Treasury Securities	30-Year Treasury Securities
May 20	0.10	0.20	0.73	4.93	5.76	4.55	0.09	0.05	0.55	1.83	3.15	4.28
27	0.11	0.20	0.70	4.95	5.74	4.52	0.10	0.06	0.52	1.77	3.10	4.26
Jun 3	0.12	0.22	0.64	4.95	5.70	4.51	0.10	0.05	0.44	1.63	3.01	4.21
10	0.10	0.20	0.61	4.97	5.73	4.49	0.10	0.05	0.41	1.58	3.00	4.22
17	0.12	0.20	0.63	4.98	5.73	4.49	0.09	0.05	0.40	1.58	2.99	4.21
24	0.11	0.23	0.63	4.95	5.72	4.46	0.10	0.02	0.37	1.52	2.96	4.19
Jul 1	0.08	0.27	0.70	5.11	5.88	4.59	0.08	0.02	0.46	1.67	3.11	4.36
8	0.10	0.26	0.68	5.07	5.84	4.65	0.08	0.02	0.44	1.67	3.12	4.35
15	0.09	0.21	0.64	4.89	5.71	4.51	0.07	0.02	0.37	1.48	2.94	4.21
22	0.08	0.23	0.65	4.91	5.75	4.46	0.06	0.03	0.39	1.50	2.97	4.26
29	0.10	0.25	0.62	4.84	5.72	4.47	0.06	0.07	0.41	1.50	2.97	4.25
Aug 5	0.14	0.30	0.56	4.43	5.38	4.19	0.12	0.04	0.32	1.23	2.62	3.88
12*	0.10	0.27	0.49	4.26	5.23	.	0.09	0.03	0.22	0.98	2.26	3.59

\*Averages of rates available

CHART 30

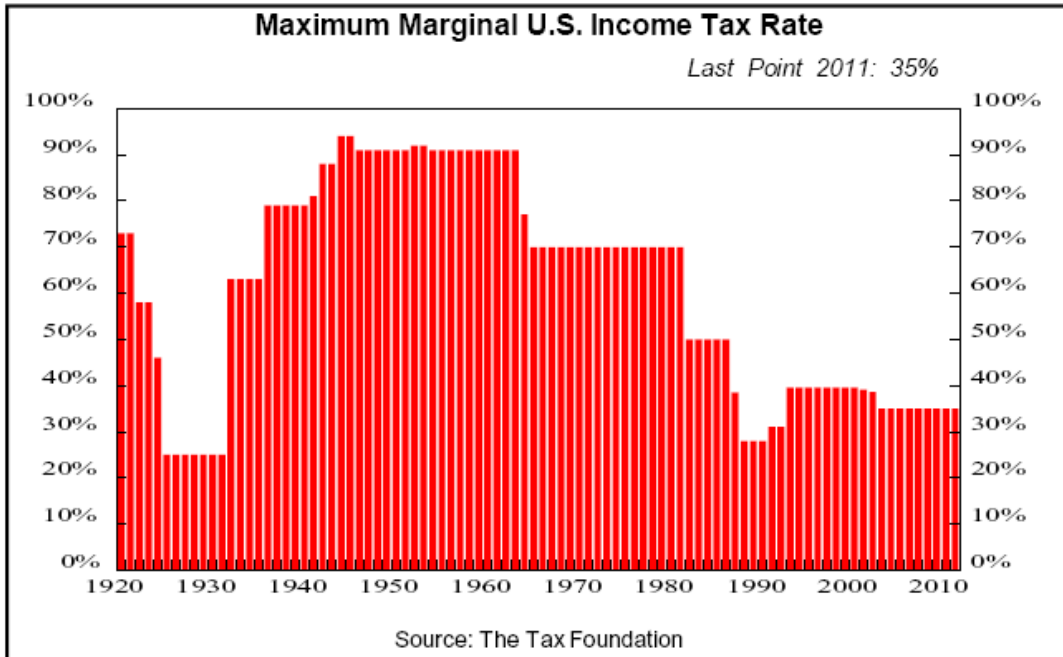


CHART 35

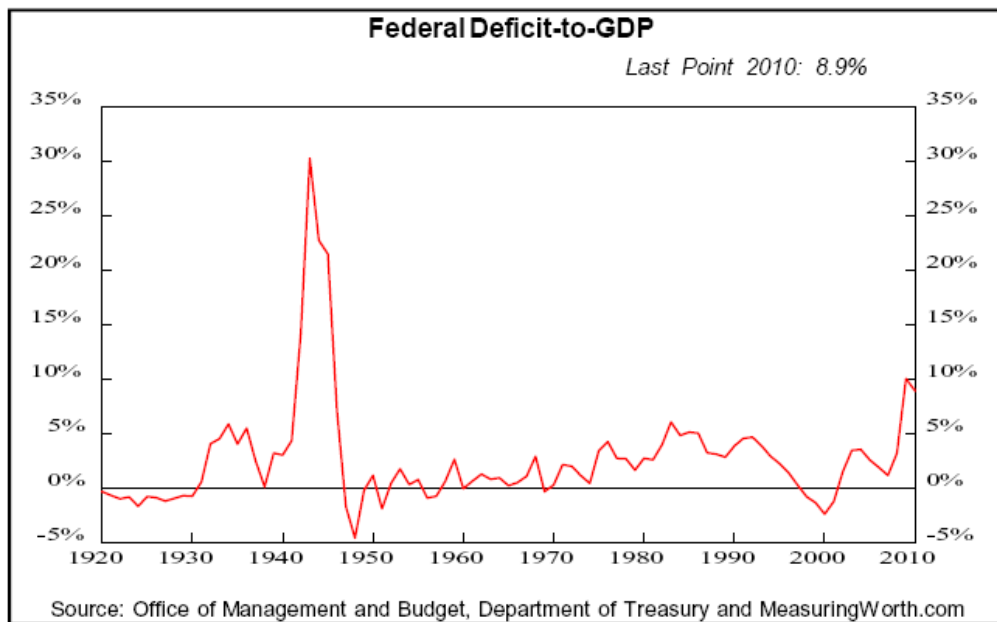
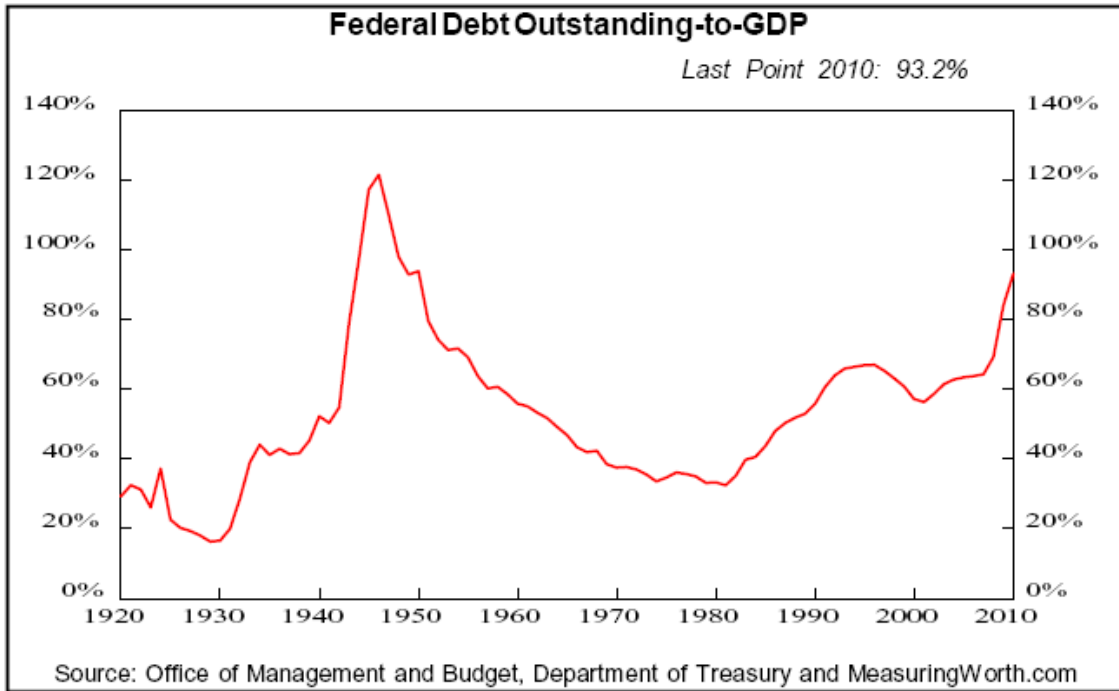
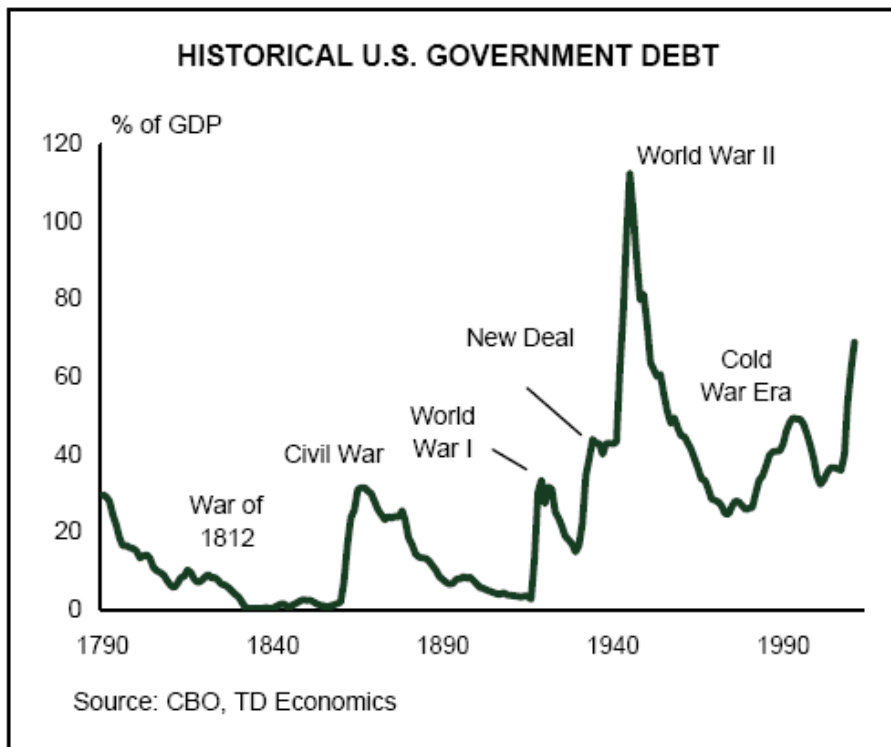


CHART 36



July 29, 2011



## SOVEREIGN CREDIT RATINGS AND INTEREST RATES\*

### AAA Rated Countries

(10-Year Yields,%)

Australia (4.92)  
 Austria (3.39)  
 Canada (2.93)  
 Denmark (2.99)  
 Finland (3.13)  
 France (3.25)  
 Germany (2.76)  
 Hong Kong (2.26)  
 Luxembourg (3.29)  
 Netherlands (3.14)  
 Norway (3.24)  
 Singapore (2.10)  
 Sweden (2.75)  
 Switzerland (1.45)  
 United Kingdom (3.04)  
 USA (3.00)

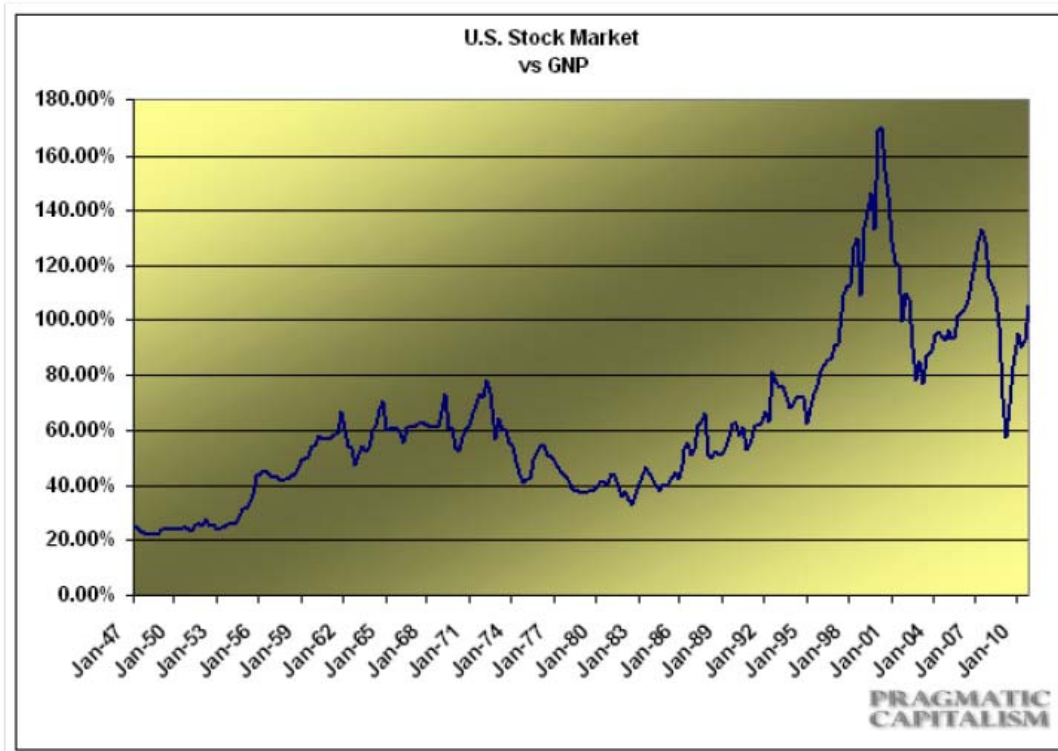
### AA Rated Countries

(10-Year Yields,%)

Abu Dhabi (3.84)  
 Belgium (4.32)  
 Chile (2.92)  
 China (4.12)  
 Israel (5.16)  
 Japan (1.09)  
 Qatar (3.95)  
 Saudia Arabia (3.97)  
 Spain (5.99)  
 Slovenia (4.43)  
 Taiwan (1.50)

\*As of July 26, 2011. Source: Third Way, Standard & Poor's

## June 29, 2011 Buffett Alleged GNP Indicator



Buffett elaborated on the index explaining that stocks were cheap when the ratio declines to 70%-80%:

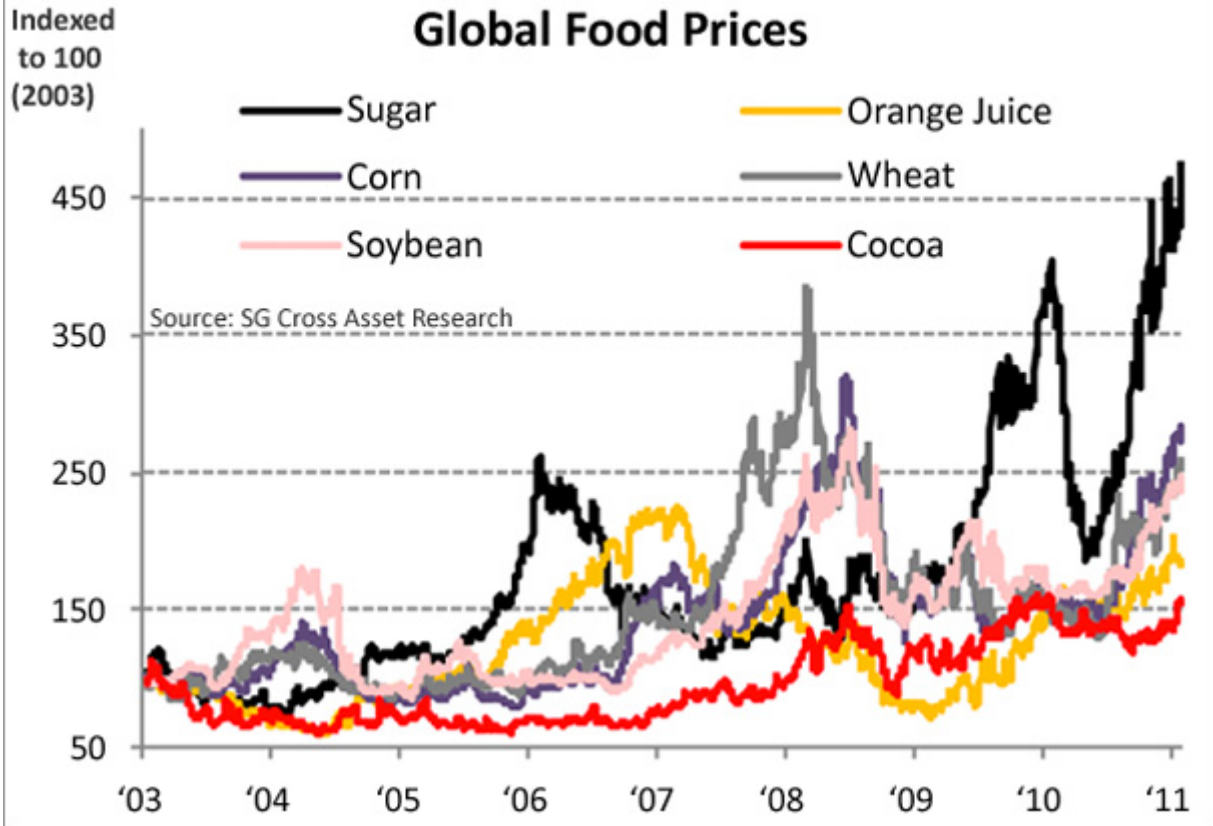
### SECULAR BULL & BEAR MARKETS PROFILE: 2010

Market Cycle		# Total Years	Market	P/E Ratio		Inflation		# Positive Years	# Negative Years	(% Positive Years)	(% Negative Years)	Max Pos. Yrs In Row	Max Neg. Yrs In Row	Avg Gain In Pos. Years	Avg Loss In Neg. Years	Change Begin To End
From	To			Begin	End	Begin	End									
1901	1920	20	BEAR	23	5	-2%	16%	9	11	45%	55%	2	3	30%	-17%	2%
1921	1928	8	BULL	5	22	-11%	-2%	7	1	88%	13%	5	1	24%	-3%	317%
1929	1932	4	BEAR	28	8	0%	-10%	0	4	0%	100%	0	4	n/a	-32%	-80%
1933	1936	4	BULL	11	19	-5%	1%	4	0	100%	0%	4	0	34%	n/a	200%
1937	1941	5	BEAR	18	12	4%	5%	1	4	20%	80%	1	3	28%	-16%	-38%
1942	1965	24	BULL	9	23	11%	2%	18	6	75%	25%	4	1	16%	-8%	774%
1966	1981	16	BEAR	21	8	3%	10%	9	7	56%	44%	3	2	13%	-15%	-10%
1982	1999	18	BULL	7	42	6%	2%	16	2	89%	11%	9	1	18%	-4%	1214%
2000	????		BEAR	42	3%			6	5	55%	45%	2	3	14%	-13%	1%
WEIGHTED AVERAGE BEAR (excluding 2000)										42%	58%	2.1	2.7	21%	-18%	-14%
WEIGHTED AVERAGE BULL										83%	17%	6.8	0.9	16%	-5%	810%

Notes: The Index and returns reflect the Dow Jones Industrial Average at year-end from Dow Jones & Company. The P/E ratio is based upon the S&P 500 as developed and presented by Robert Shiller (Yale; Irrational Exuberance). Bull & Bear Market classifications are based upon Crestmont's assessment of cycles using peak and trough P/E ratios, inflation trends, and other analysis. The presentation does not include dividends, taxes, inflation adjustments, or transaction costs.

RETURN PATTERN (Red = down year; Green = up year; #% = annual change in the index; starting and ending DJIA index is presented on the ends of the rows)																										
1901-1920: BEAR	71	-9%	0%	-24%	42%	38%	-2%	-38%	47%	15%	-18%	0%	8%	-10%	-31%	82%	-4%	-22%	11%	30%	-33%	72				
P/E Ratio		23	22	18	16	19	19	13	13	15	14	14	14	12	11	11	12	9	6	7	5					
CPI: Inflation		-2%	6%	1%	0%	1%	3%	6%	-4%	8%	4%	-8%	7%	3%	1%	1%	8%	17%	18%	15%	16%					
1921-1928: BULL	72	13%	22%	-3%	26%	30%	0%	29%	48%													300				
P/E Ratio		5	8	8	8	10	12	16	22																	
CPI: Inflation		-11%	-6%	2%	0%	2%	1%	-2%	-2%																	
1929-1932: BEAR	300	-17%	-34%	-53%	-23%																	60				
P/E Ratio		28	21	15	8																					
CPI: Inflation		0%	-2%	-9%	-10%																					
1933-1936: BULL	60	67%	4%	39%	25%																	180				
P/E Ratio		11	12	13	19																					
CPI: Inflation		-5%	3%	2%	1%																					
1937-1941: BEAR	180	-33%	28%	-3%	-13%	-15%																111				
P/E Ratio		18	14	15	15	12																				
CPI: Inflation		4%	-2%	-1%	1%	5%																				
1942-1965: BULL	111	8%	14%	12%	27%	-8%	2%	-2%	13%	18%	14%	8%	-4%	44%	21%	2%	-13%	34%	16%	-9%	19%	-11%	17%	15%	11%	969
P/E Ratio		9	11	11	13	14	11	11	10	11	12	12	12	14	18	18	16	15	18	17	20	19	20	23	23	
CPI: Inflation		11%	6%	2%	2%	8%	14%	8%	-1%	1%	8%	2%	1%	1%	0%	1%	3%	3%	1%	2%	1%	1%	1%	1%	2%	
1966-1981: BEAR	969	-19%	15%	4%	-15%	5%	6%	15%	-17%	-25%	38%	18%	-17%	-3%	4%	15%	-9%									875
P/E Ratio		21	22	21	19	15	17	18	16	11	10	12	10	9	9	9	8									
CPI: Inflation		3%	3%	4%	5%	6%	4%	3%	5%	11%	9%	6%	7%	8%	11%	13%	10%									
1982-1999: BULL	875	20%	20%	-4%	28%	23%	2%	12%	27%	-4%	20%	4%	14%	2%	33%	26%	23%	16%	25%							11497
P/E Ratio		7	10	9	11	13	16	14	17	16	18	20	21	20	23	26	31	35	42							
CPI: Inflation		5%	3%	4%	4%	2%	4%	4%	5%	5%	4%	3%	3%	3%	3%	2%	2%	2%								
2000-?????: BEAR	11497	-6%	-7%	-17%	25%	3%	-1%	16%	6%	-34%	19%	11%														
P/E Ratio		42	32	25	24	26	25	26	27	21	17	21														
CPI: Inflation		3%	3%	2%	2%	3%	3%	3%	3%	4%	0%	2%														

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**TABLE 1: BULL MARKET SELL-OFFS**

United States: S&P 500

Bull Market		Correction	
Date	Total Increase	Date	Total Correction
1877-1906	206%	1903	-26%
1921-29	385%	1923	-15%
1932-37	279%	1933	-25%
1949-68	662%	1956-67	-11%
		1962	-21%
1970-73	57%	1971	-10%
1982-2000	1391%	1987	-33%
		1998	-19%
<b>Average</b>			<b>-20%</b>

Note: From 1877-1987, monthly averages of S&P 500 were used. From 1987 onwards, daily values were used.

Source: Haver Analytics, Robert Shiller, Gluskin Sheff

**Slow Global Growth In Future Years Due To:**

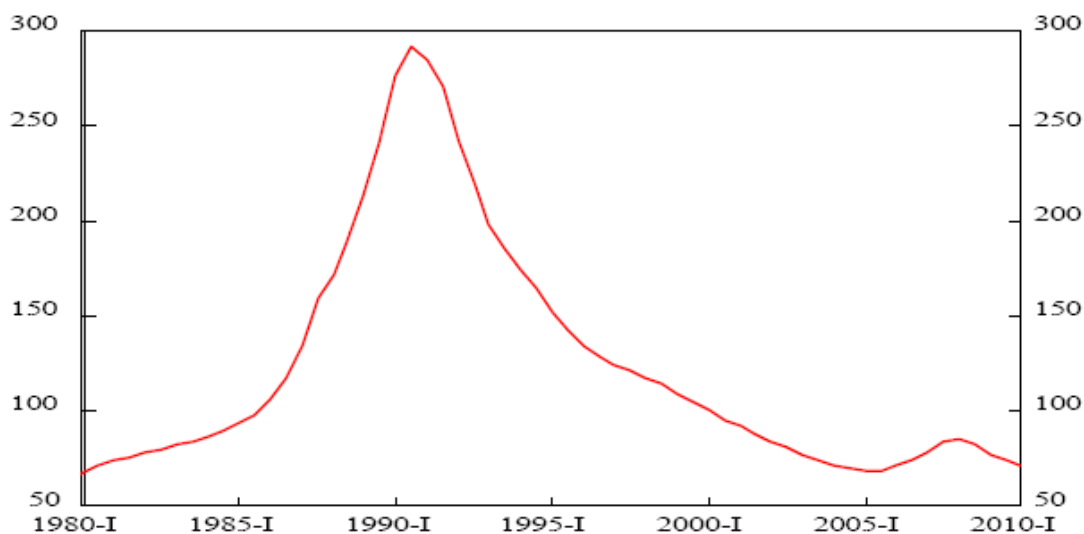
1. U.S. consumers shift from a 25-year borrowing-and-spending binge to a saving spree. This will retard growth abroad as American consumers curtail the imports of the goods and services many foreign nations depend on for economic growth.
2. Financial deleveraging, reversing the trend. It financed much global growth in recent years.
3. Low commodity prices, which will limit spending by commodity-producing lands.
4. Increased government regulation and involvement in major economies, which will stifle innovation and reduce efficiency.
5. Rising protectionism, which will slow, even eliminate, global growth.
6. Weak housing due to excess inventories and loss of investment appeal.
7. Deflation, which will curtail spending as buyers anticipate lower prices.

**Source: A. Gary Shilling's Insight, June 2010.**



### Japanese Urban Land Prices six-city average; 1Q 2000=100

Last Point 1Q 2010: 70.9



Source: Japan Real Estate Research Institute

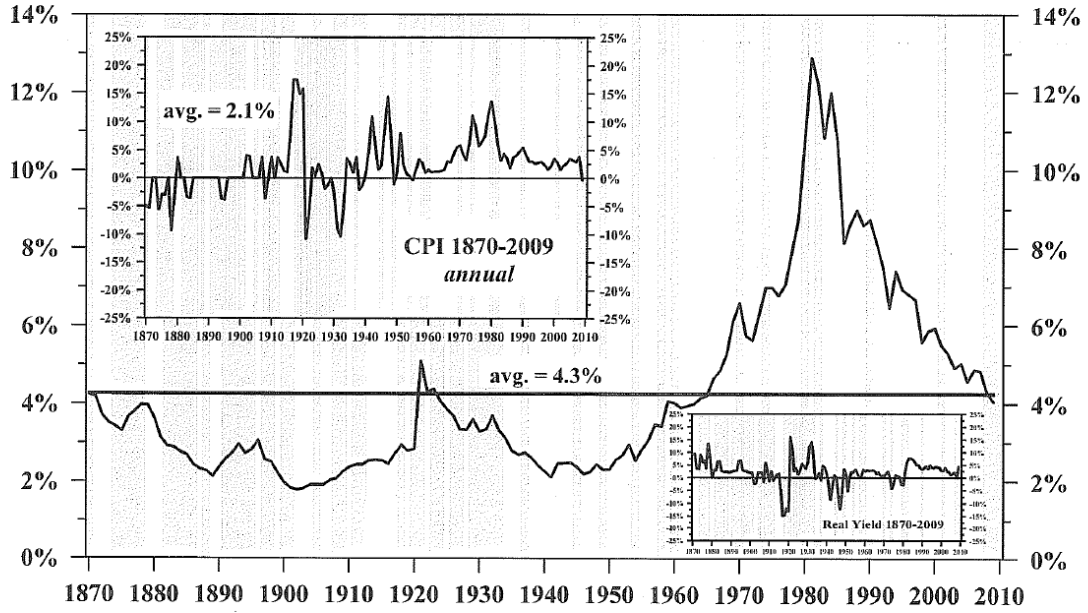
### Compounded Annual Rates of Return *excluding war years*

	<i>Stocks</i>	<i>Bonds</i>	<i>Stocks less Bonds</i>	<i>S&amp;P 500 Dividend Yield less Bonds</i>	<i>Capital Gains Differential</i>	<i>GDP Deflator</i>	<i>Beginning Period PE Ratio</i>	<i>Beginning Period Dividend Yield</i>	<i>Beginning Period Treasury Bond Yield</i>
	1.	2.	3.	4.	5.	6.	7.	8.	9.
1. 1871-2009	8.6%	5.1%	3.5%	-0.2%	3.7%	1.5%	11.7	5.5%	4.2%
2. 1900-2009	9.2%	5.1%	4.1%	-0.9%	5.0%	2.3%	12.8	4.2%	2.0%
3. 1926-2009	9.3%	5.5%	3.9%	-1.7%	5.6%	2.6%	10.1	5.2%	3.7%
4. 1871-1925	7.4%	4.5%	2.9%	2.2%	0.7%	-0.2%	11.7	5.5%	4.2%
5. 1946-2009	11.0%	5.7%	5.3%	-2.6%	7.9%	3.5%	18.7	4.0%	2.2%
6. 1871-1945	6.6%	4.6%	2.0%	2.2%	-0.2%	-0.6%	11.7	5.5%	4.2%

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Standard and Poor's, A Half Century of Returns on Stocks and Bonds by Fisher and Lorie, History of Interest Rates; Homer & Sylla, N.S. Balke & R.J. Gordon, C.D. Romer, Robert Shiller - Yale University, Peter L. Bernstein Inc., HIMCO.

# Long Term Treasury Rate 1870-2009

*annual*



Sources: Federal Reserve Board, Homer & Sylla. Through 2009.

**The Following table was presented in David Rosenberg’s “Breakfast With Dave September 23, 2010**

## **INVESTMENT STRATEGY IN A DEFLATIONARY ENVIRONMENT**

1. Focus on safe yield: High-quality corporates (non-cyclical, high cash reserves, minimal refinancing needs). Corporate balance sheets are in very good shape.
2. Equities: focus on reliable dividend growth/yield; preferred shares (“income” orientation). Starbucks just caught on to the importance of paying out a dividend.
3. Whether it be credit or equities, focus on companies with low debt/equity ratios and high liquid asset ratios – balance sheet quality is even more important than usual. Avoid highly leveraged companies.
4. Even hard assets that provide an income stream work well in a deflationary environment (ie, oil and gas royalties, REITs, etc...).
5. Focus on sectors or companies with these micro characteristics: low fixed costs, high variable cost, high barriers to entry/some sort of oligopolistic features, a relatively high level of demand inelasticity (utilities, staples, health care – these sectors are also unloved and under owned by institutional portfolio managers).
6. Alternative assets: allocate significant portion of asset mix to strategies that are not reliant on rising equity markets and where volatility can be used to advantage.
7. Precious metals: A hedge against the reflationary policies aimed at defusing deflationary risks – money printing, rolling currency depreciations, heightened trade frictions, and government procurement policies.

### **September 24, 2010**

Existing home sales rose 7.6% MoM. Yet, second worst production since 1997. Rosenberg thinks it is a real bad sign, and thinks momentum is gaining on the downside.

#### CHART 4: EXISTING HOME SALES STILL NEAR THE LOWS

##### United States: Total Existing Home Sales

(seasonally adjusted at an annual rate, million units)



Source: Haver Analytics, Gluskin Sheff

#### CHART 5: ELEVATED SUPPLY DOES NOT BODE WELL FOR PRICES

##### United States: Months' Supply of Total Existing Homes

(months)



Source: Haver Analytics, Gluskin Sheff

Robert Shillers P/E data set. This data set consists of monthly stock price, dividends, and earnings data and the consumer price index (to allow conversion to real values), all starting January 1871.

