



Central Plains Advisors, Inc.
Interim Market Update

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The Ghost of Recession Past

All the wrong things are coming out of Washington these days. Talk of balancing the budget, raising taxes and restricting who may drive on our highways is economic stupidity.

It makes one shudder to listen to the politicians espousing the very policies that in the past have turned ordinary recessions into something worse.

We say it sarcastically, but by George it makes good sense. Let's double their salaries and make them stay home. To do nothing would be much better policy than what we fear may come to pass.

We are in a global recession and dominos are falling in the following order.

1. Technology led decline in capital spending.
2. Inventory reductions.
3. Consumer retrenchment.
4. Housing and construction bubble pricked.
5. Sub prime loan problems.
6. Prime loan concerns.
7. Currency devaluations.

The order may be incorrect but the problems are not. Please be careful. As for common stocks, if you must buy, make it value but only at a reasonable P/E. As for bonds, buy governments only and go long.