



Infomail

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Shifting Sands

What a few weeks...first Tunisia, then Egypt, now Libya and today the "Day of Rage" in Saudi Arabia. The worrisome aspect of civil unrest in Saudi Arabia is that nothing has worked in the region:

- Tunisia tried shuffling government officials, it didn't work
- Egypt tried a combination of light violence and intimidation, it didn't work
- Libya is trying brute force, which if it works, will only be temporary
- Saudi Arabia a couple of weeks ago decided to pay it's citizens a \$36 Billion "bonus", but that doesn't look like it will appease anyone

The wildcard is that oil is in play, and where it goes is anyone's guess. For all the "hoopla" over Libya, their oil exports in percentages are:

Italy	28%
France	15%
China	11%
Germany	10%
Spain	10%
USA	3%

The Saudi people are the world's top oil producing and exporting nation, has an incredible military and in general, people are better off than in Libya. In fact, most of the work in Saudi Arabia is conducted by imports.

On the recent updated list of billionaires, we see a shift happening as well. Real wealth is exploding in Asia. The Asian Pacific region, housed 332 billionaires, after peaking in 2008.

As an aside, there are 1210 people on the list with China (115), Russia (101), India (55) and Brazil (30).

Yesterday, markets had their worst day since August 2010. The reasons are many, but the fact remains we are due for a pause/pullback and have been for some time now. It's healthy and builds a better base for the next advance.

In the last 8 months of 2010, spooked investors pulled \$66.1 billion out of US Equity funds even as markets rose. Coming into March, investors pumped \$36.1 billion into the markets.

I remain of the opinion markets will go much higher by year end, higher still by next summer. Any pullbacks will be short and sharp and there will be a few.

So far, the "Day of Rage" is a bust but let's not forget about the people in Japan, who suffered the 7th worst earthquake on record. Hopefully they will be as safe as can be.

Stay Tuned,

Vito Finucci
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