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Eye on the Market, February 8, 2012

We have received a lot of requests for an update on the United States given the batch of better US economic data in the last two months. Please find attached a medical check up on the US, covering the latest improvements in its economic pulse, its various addictions, life on the home front, long-term fiscal prognoses and policy options, a psychiatric evaluation, and some thoughts on equity valuations and corporate cash flow. Also, what not to do at a dinner party for your wife's birthday.

We will leave assessments of the latest developments in Europe for another day. The next ECB money lending bonanza is scheduled for the end of February, and all indications point to plenty of banks lining up to receive. We will also eventually review the long-awaited Greek debt exchange, which will transport Greece from a private sector debtor's prison to a public sector one. After the proposed exchange, Greece will have a debt ratio of 140%-150% of GDP, of which only 20%-25% will be held in truly private sector hands. In the meantime, read Athens Archbishop Ieronymos' letter to Greek Prime Minister Papademos for one person's take on the disintegrating facts on the ground (<http://tinyurl.com/7bpk6rc>).

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