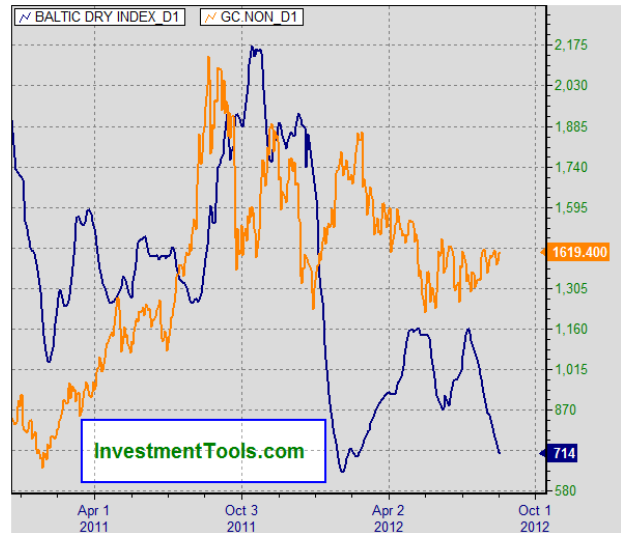


**Economy/Market**

Market near flat. Oil prices were elevated over the past 2-3 weeks with concerns from Hurricane Isaac's impact on the offshore oil rigs in the Gulf Coast. Pending home sales and GDP second estimate were higher than estimated. Baltic Dry Index has been crashing, with a weaker global sentiment, as well as an expanded supply of actual ships, constructed in lieu of the strengthening economy a couple years prior. Vix has been creeping up for the past couple weeks to 17, but still very low, so the market must not be anticipating much risk in the near future. 33 cumulative weeks to date, railroad carload traffic data compared to the same period in the year prior, has decreased 2%, with heavy traffic gain in the petroleum, motor vehicle, both +20%, while grain and coal slowed 10%.



Courtesy of Citi/Zerohedge, the following diagram reveals the deadly cycle in most parts of the world. This is not a Euro, Euro periphery dilemma. This is a U.S., Japan, U.K. issue that will take more time to resolve. Are we in the eye of a large storm. Was U.S. 2007-2008, Europe 2010-2012 just the beginning of a global phenomena?

