

Economic Outlook: The Economy & Financial Markets

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Classicalprinciples.com

312-565-0112

Classical Economic Principles:

Low Taxes

Free Markets

Protection of Individual Property Rights

Stable Currency

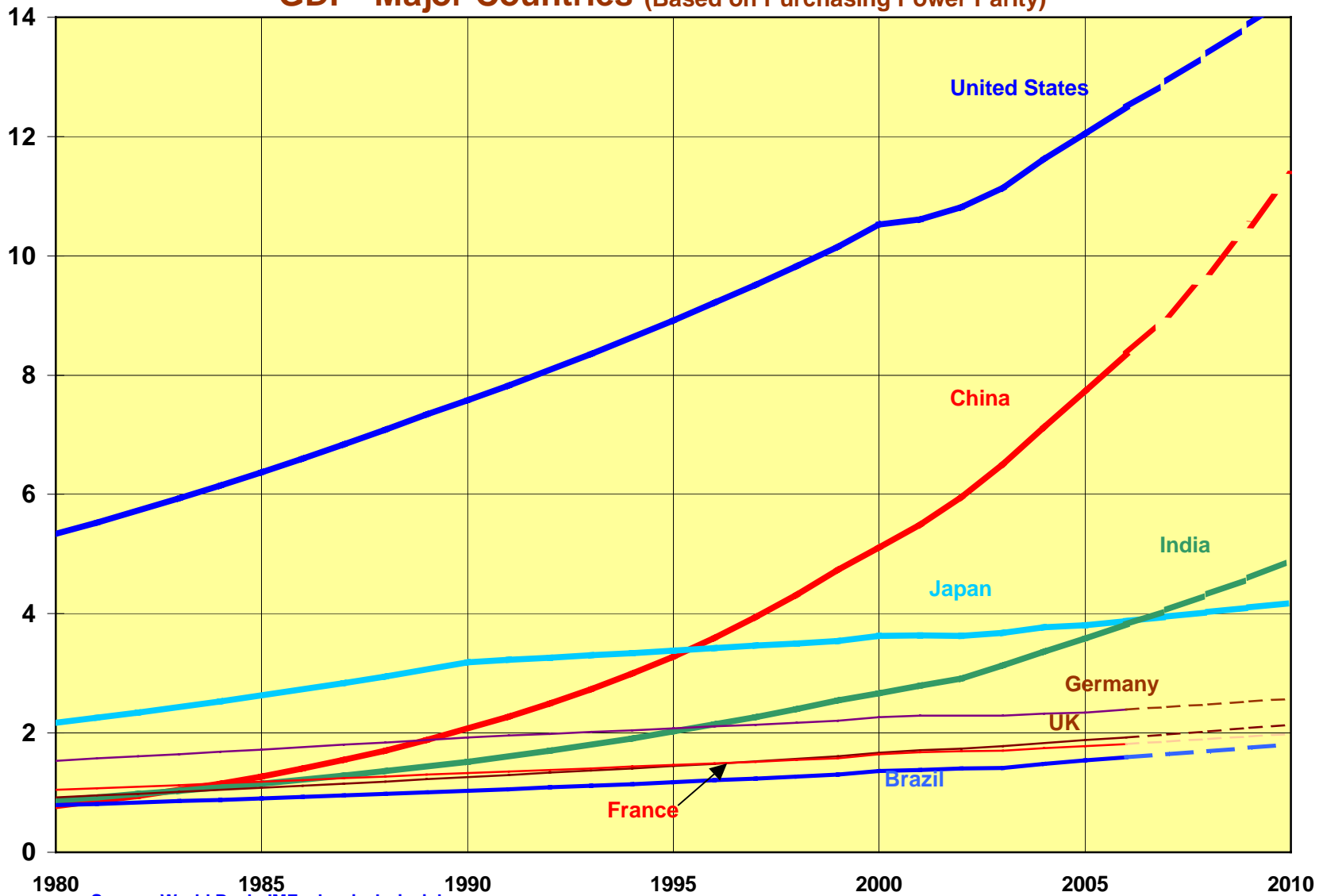
Forces at Work to Promote Classical Principles:

Computer Chip

Telecommunications Revolution

Spread of Democracy

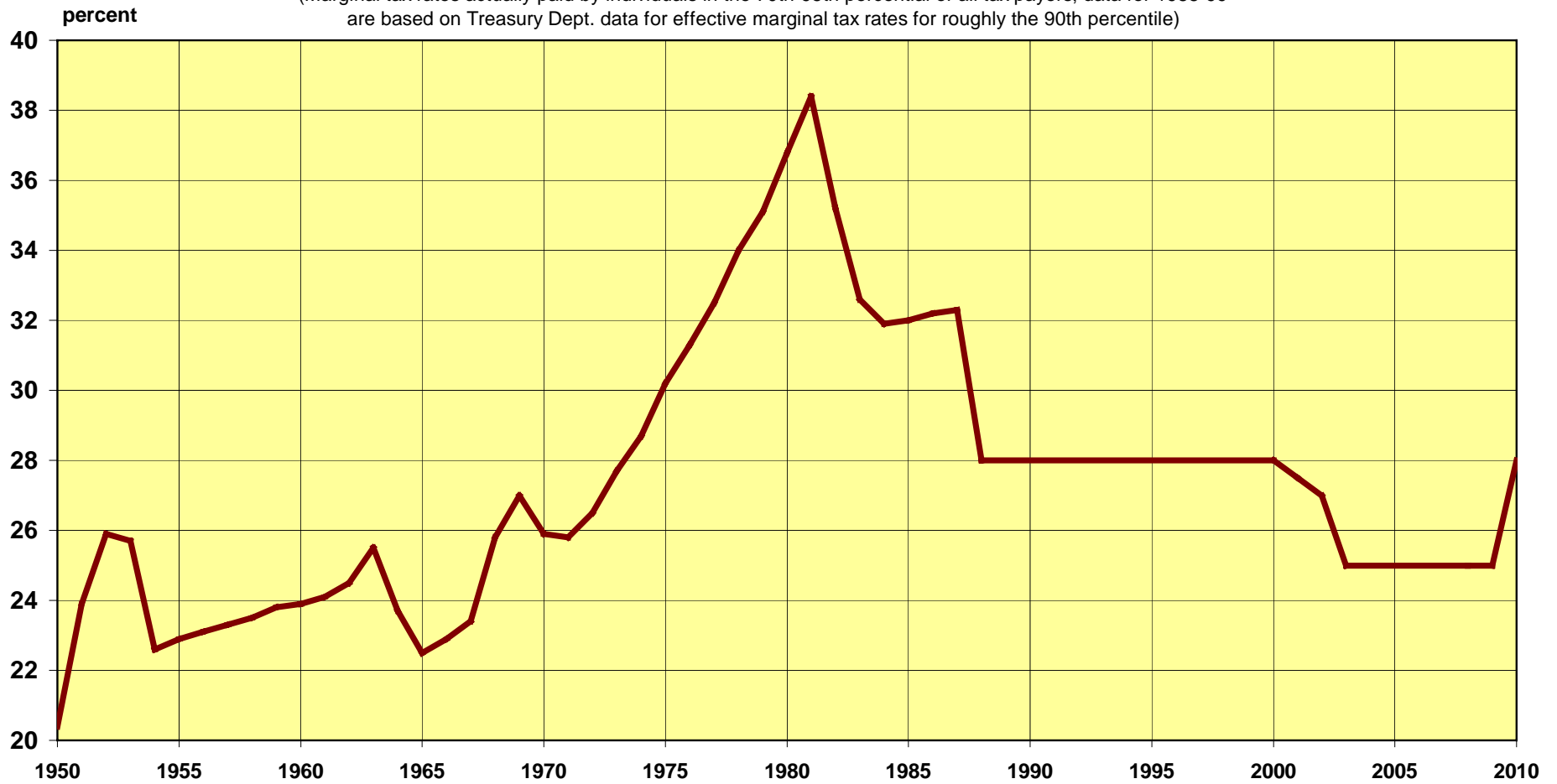
GDP--Major Countries-(Based on Purchasing Power Parity)



Source: World Bank; IMF; classicalprinciples.com

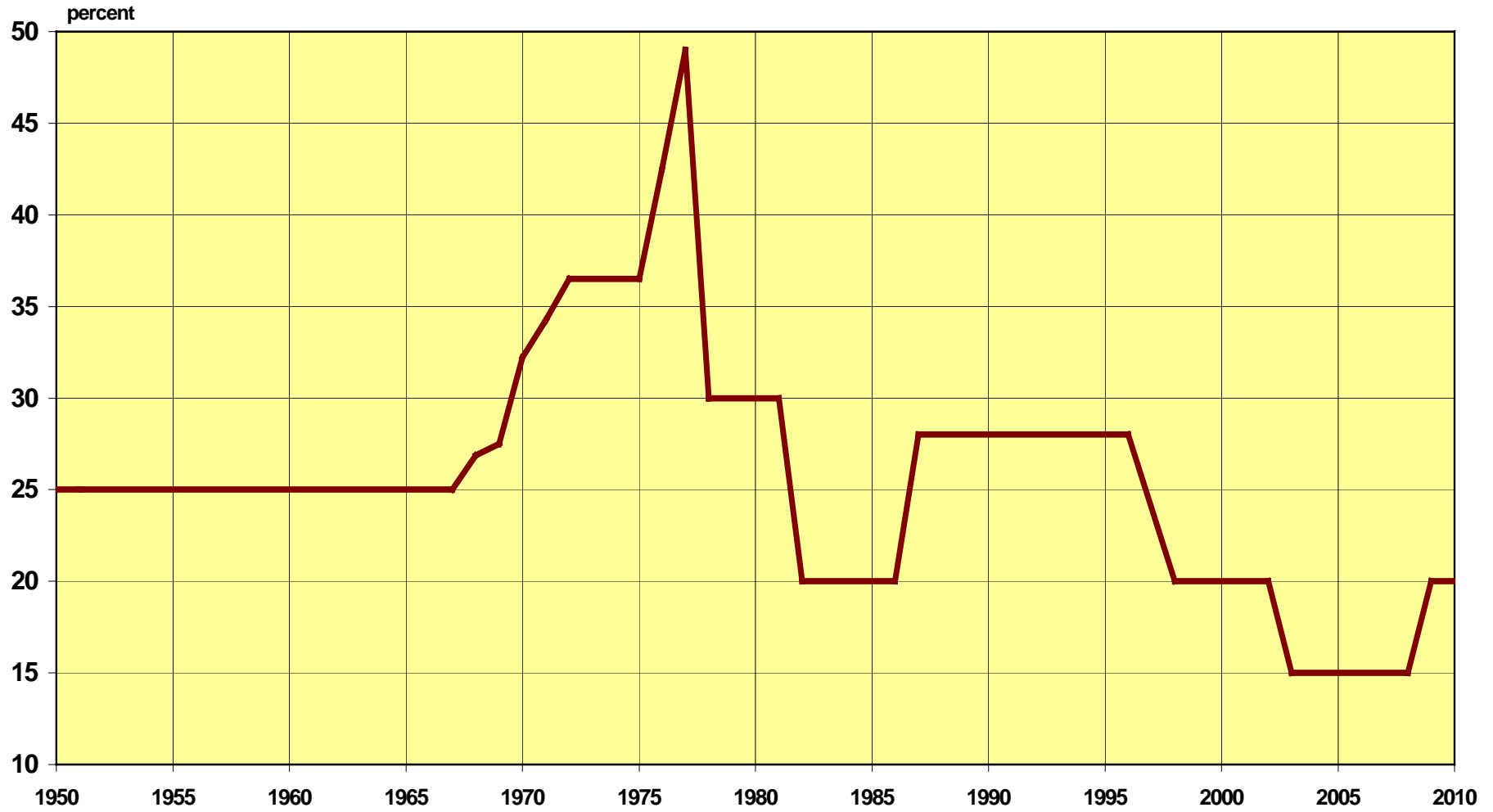
Effective Marginal Tax Rates: Individuals

(Marginal tax rates actually paid by individuals in the 70th-95th percental of all tax payers; data for 1988-99 are based on Treasury Dept. data for effective marginal tax rates for roughly the 90th percentile)



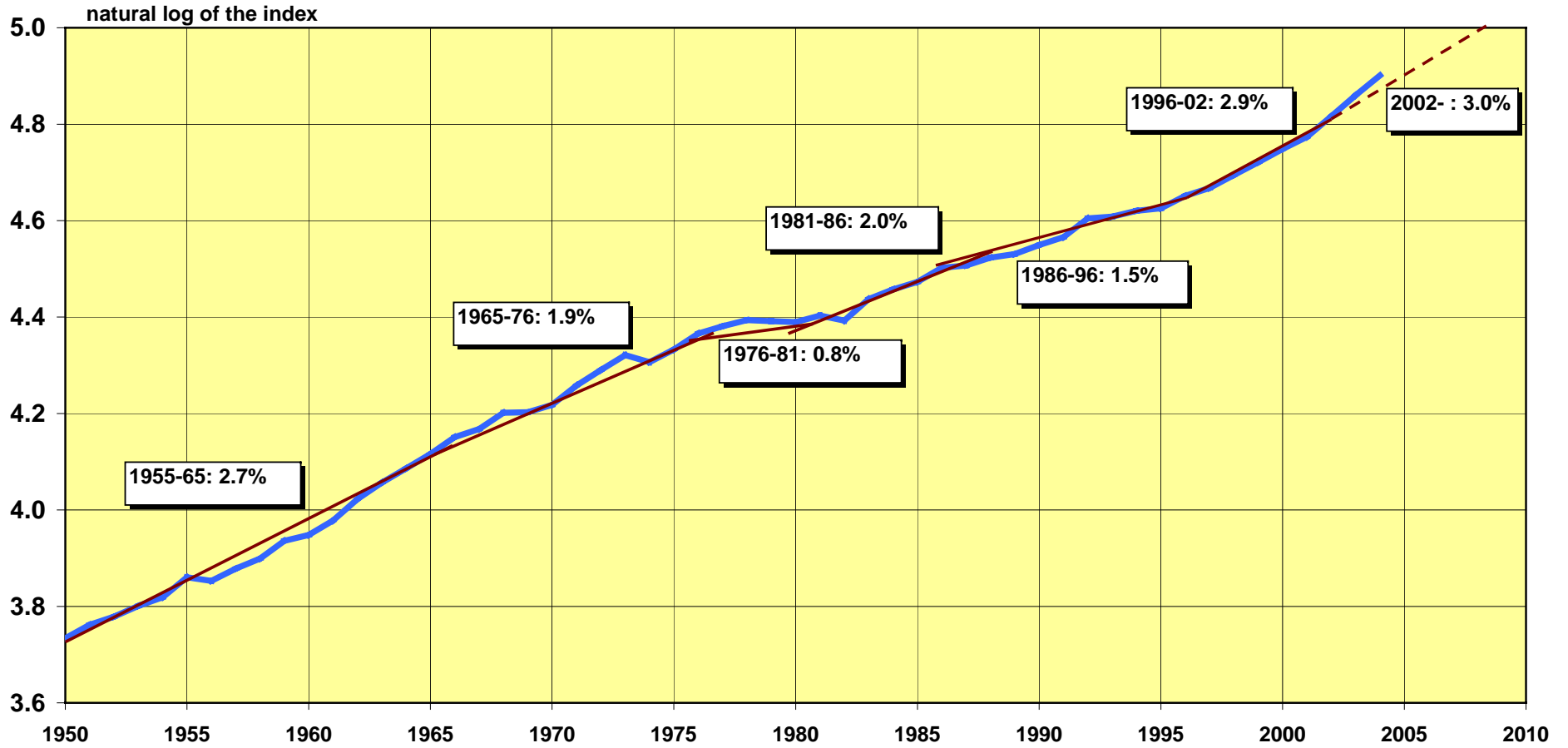
Marginal Tax Rates: Capital Gains

(Maximum capital gains tax paid by individuals)

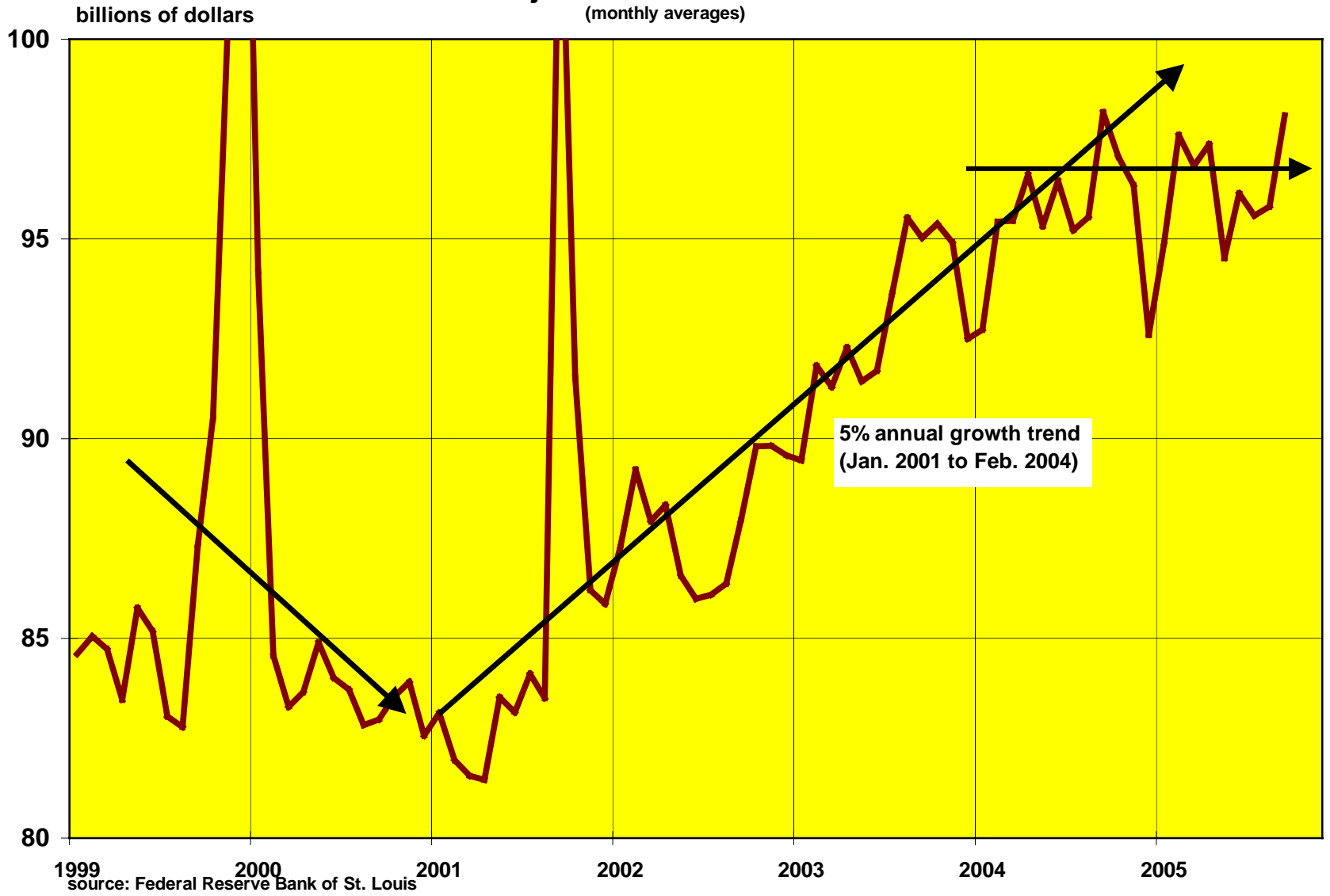


Productivity Trends

(annual rates of change, private nonfarm business)

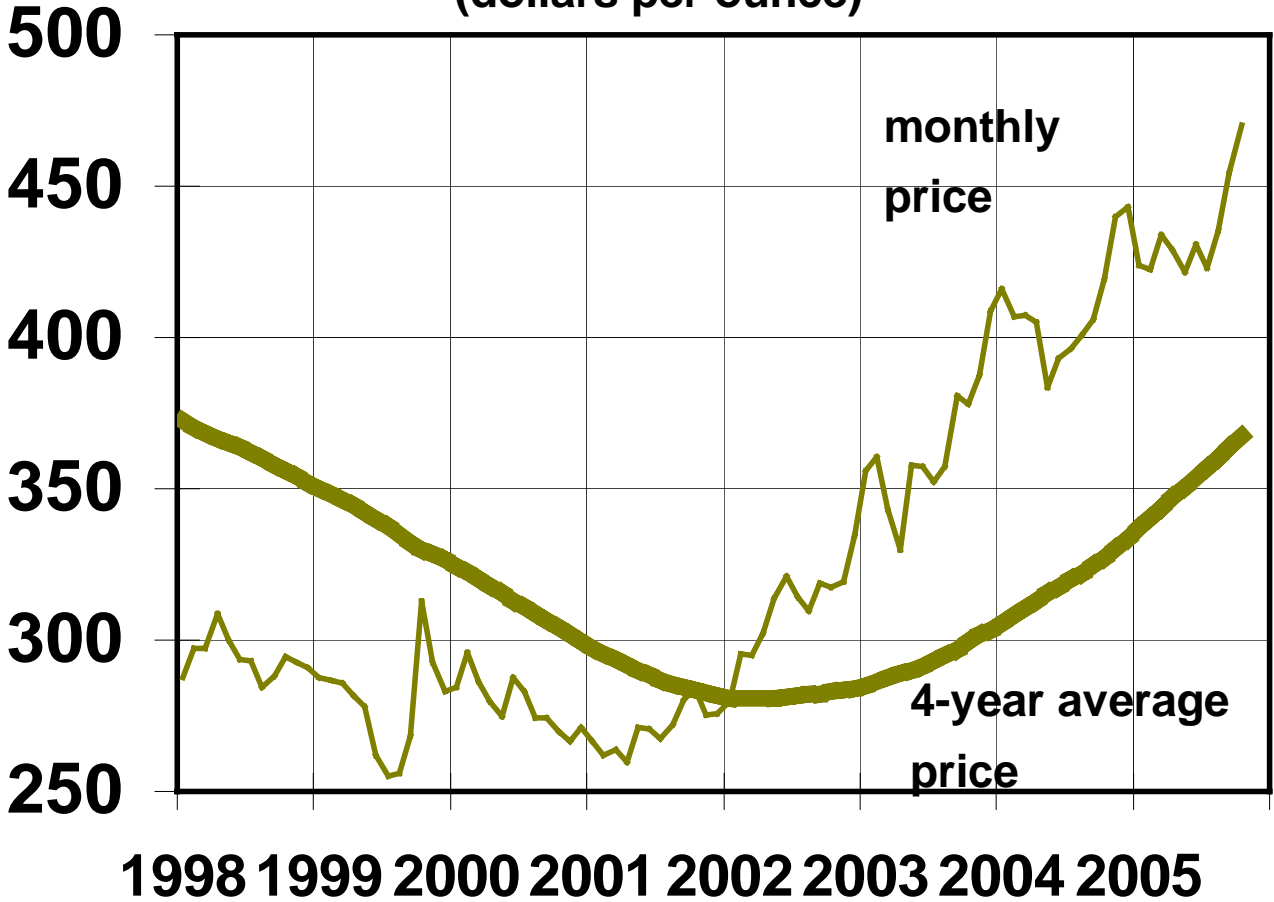


Adjusted Bank Reserves (monthly averages)

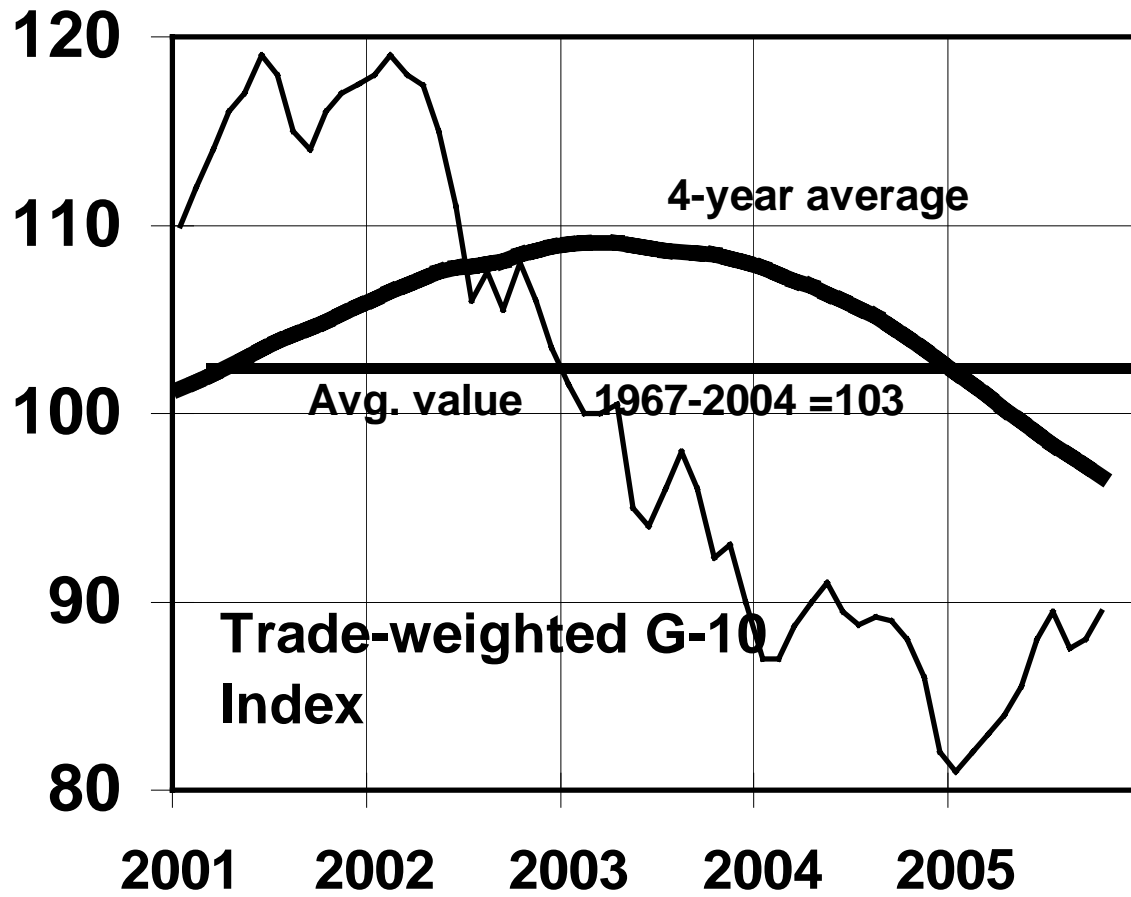


Gold Prices

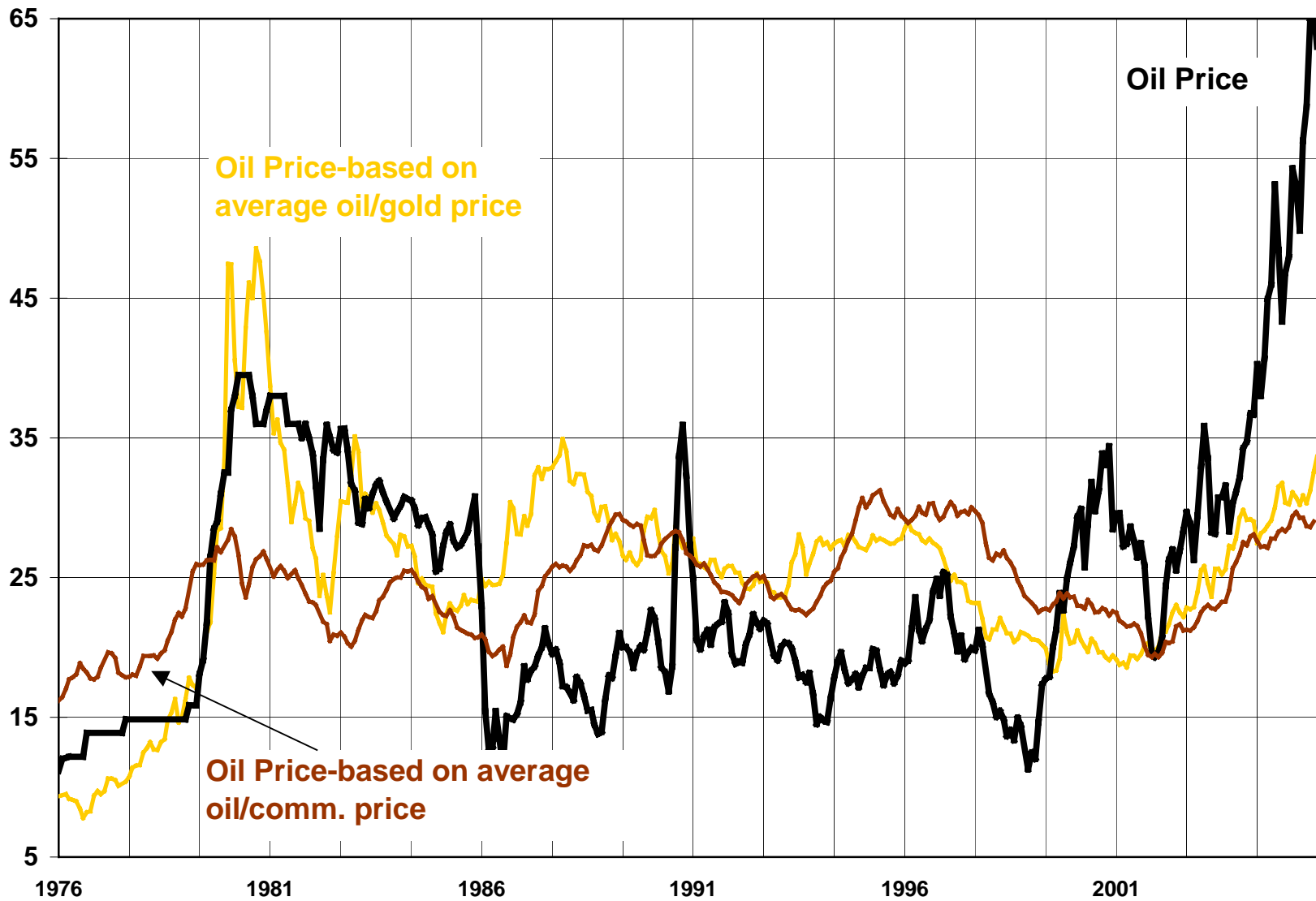
(dollars per ounce)



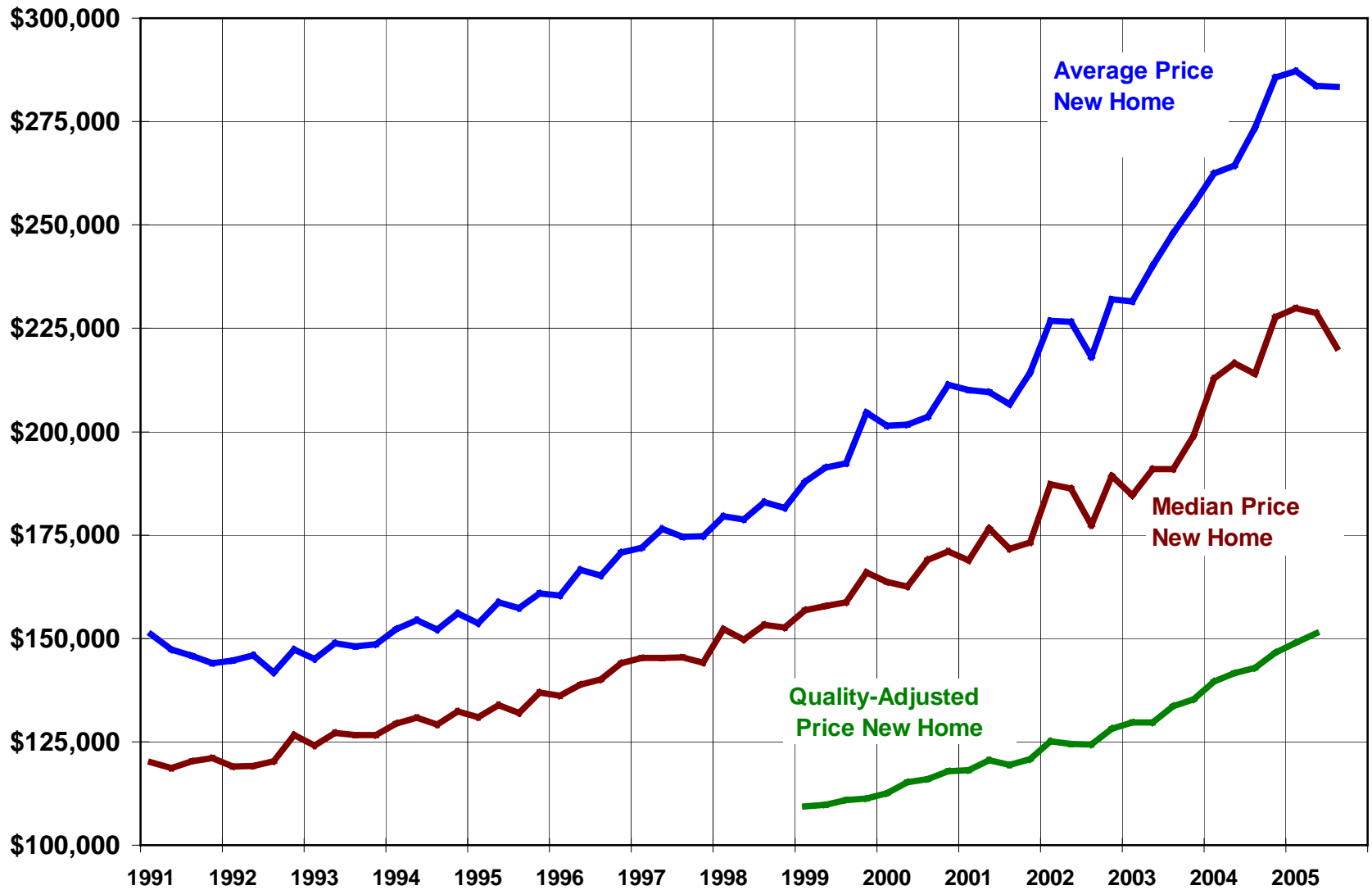
U.S. Dollar Index



Oil Prices

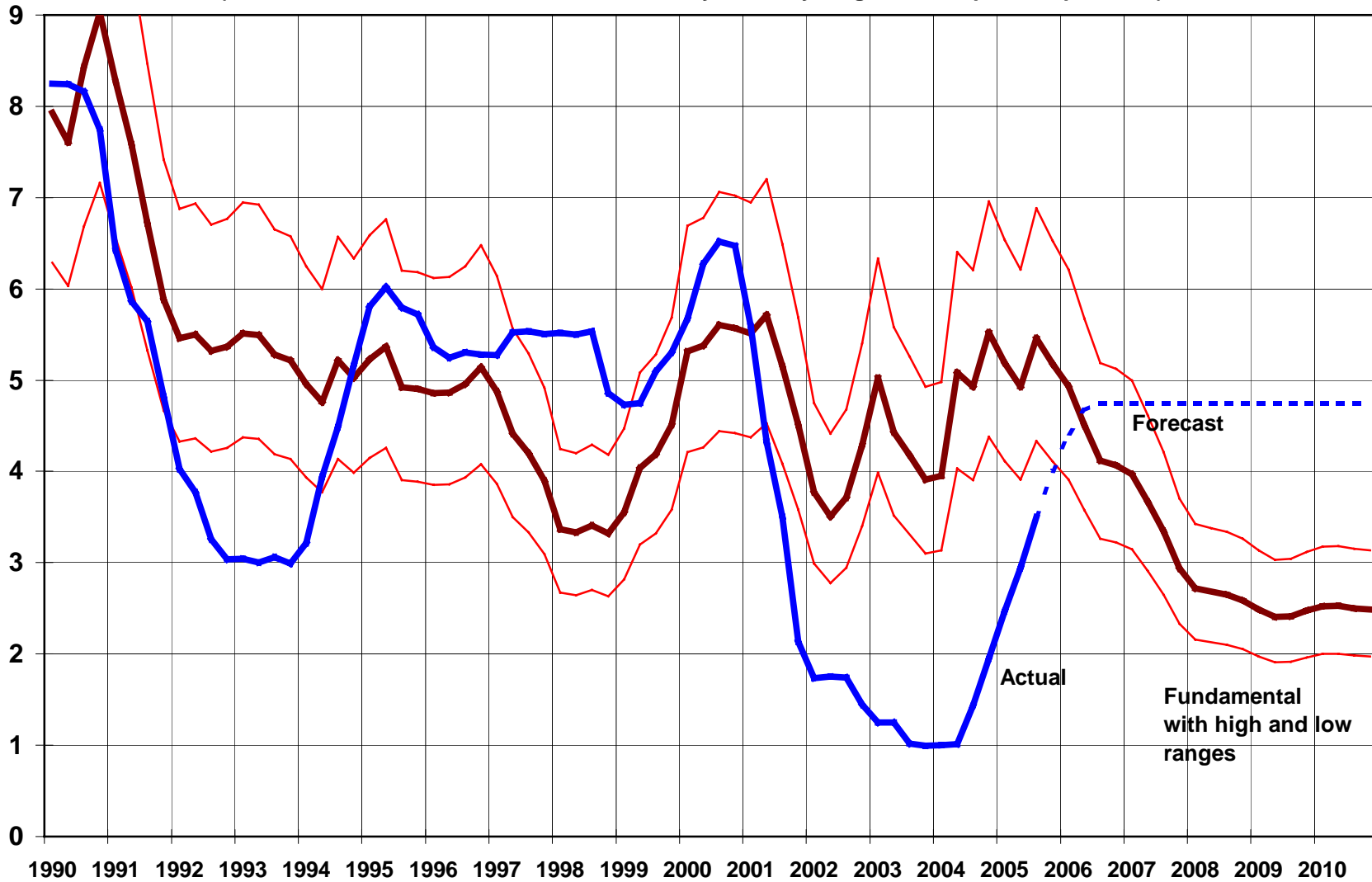


Housing Prices



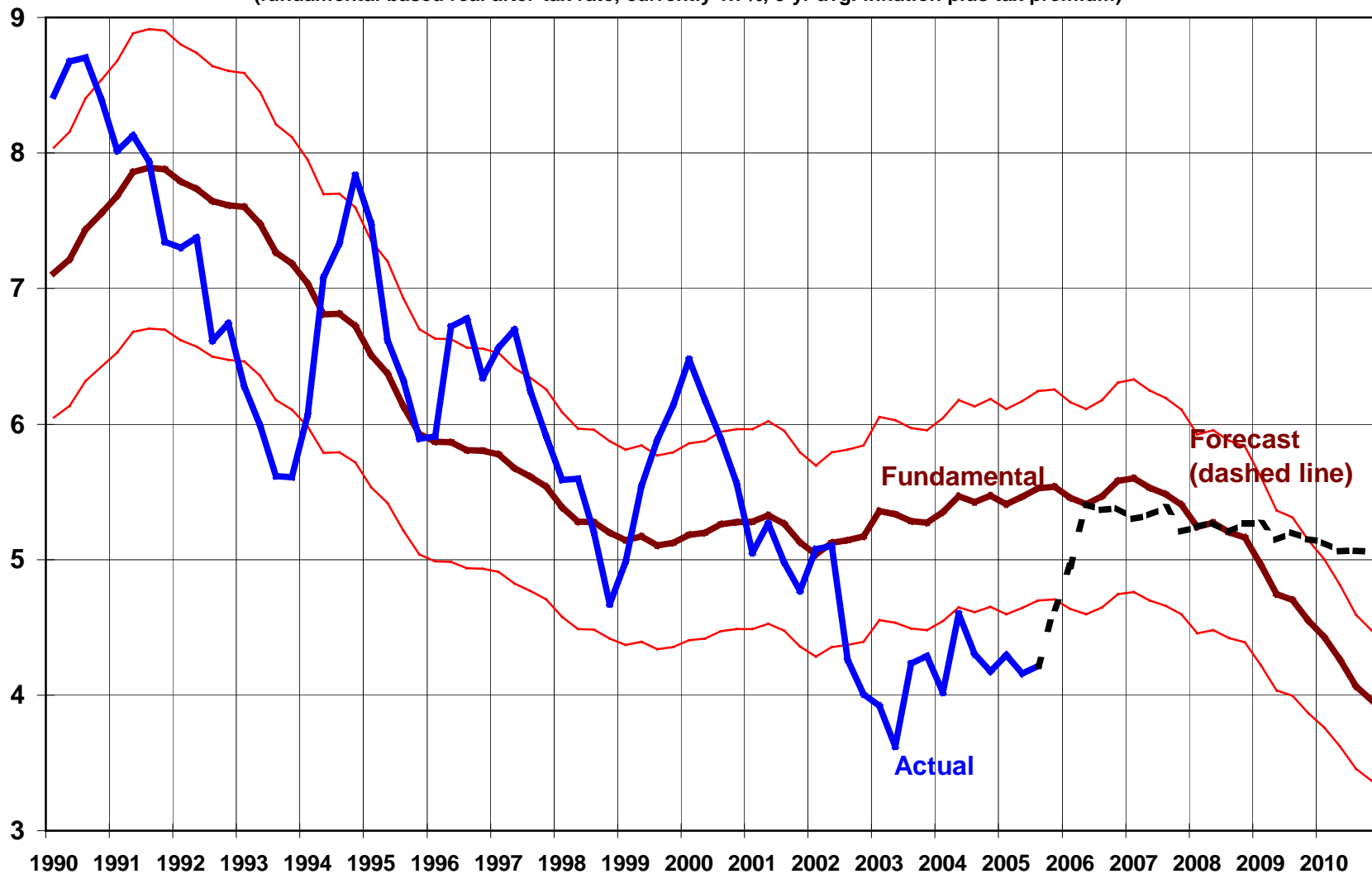
Fed Funds Rate

(fundamental based real after-tax rate currently 1.0%, 1-yr avg. inflation plus tax premium)

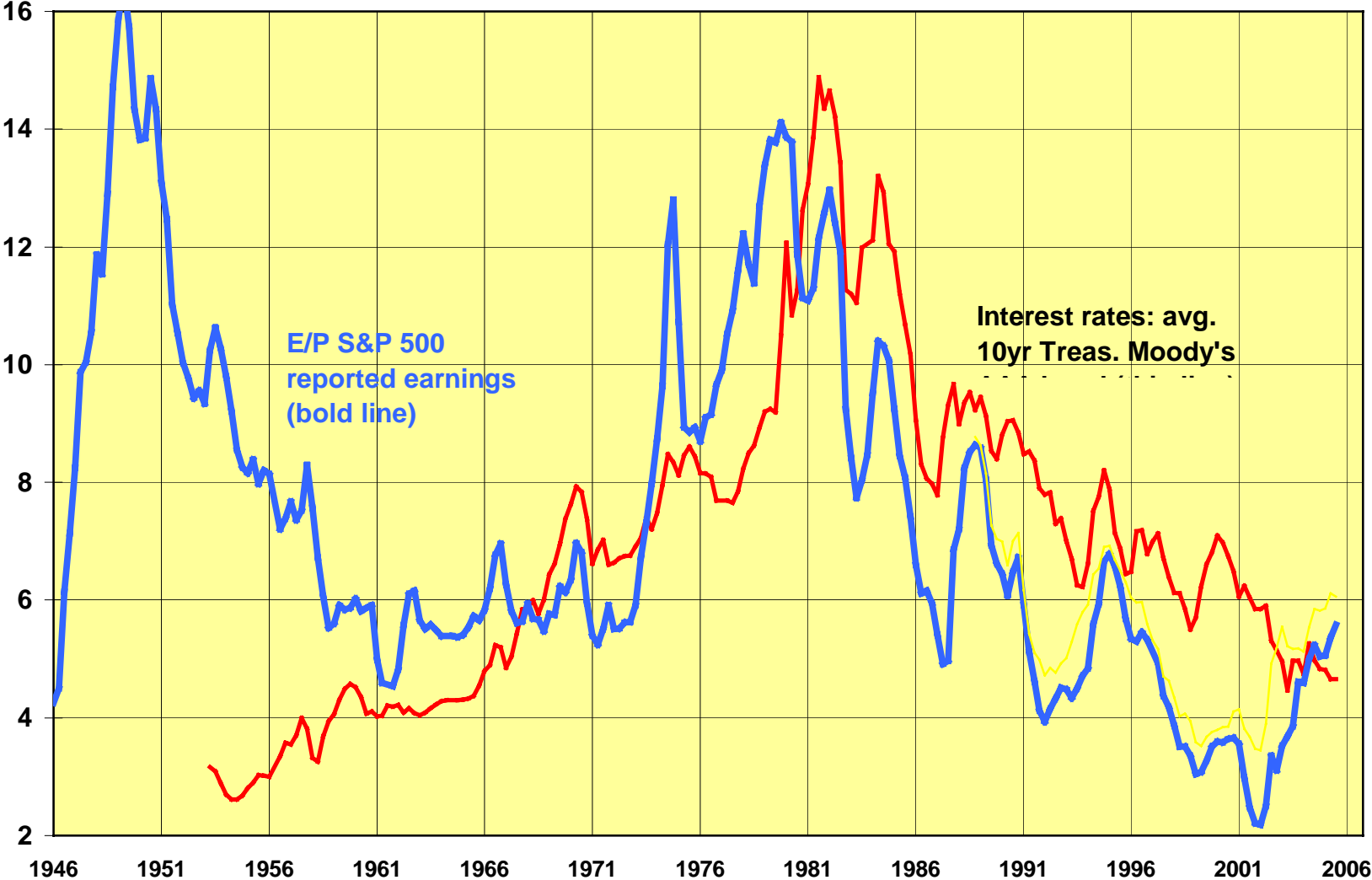


10-Year Treasury Bond Rate

(fundamental based real after-tax rate, currently 1.7%, 5-yr avg. inflation plus tax premium)



Earnings/Price S&P 500 & Interest Rates



Stock Prices: S&P 500

(Fundamental value of stocks is based on a regression with S&P operating earnings and long-term interest rates as the explanatory variables)

