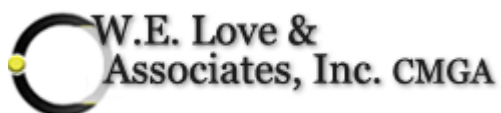


WEL Broker News Market Report

April 3rd, 2009 Number 4



Dear John,

EGBAR to you! This is the most important time in decades to "spread" the blessings of life with a stellar attitude. A friend of mine in the life and health insurance business told me last week that he's depressed seeing everyone so edgy and just not in a decent mood. Kind of like it's your fault that my 401K is depleted or that his home is worth 250K less than he could have sold it for last year. Remember, that it is easy to be nice when everything is going your way. So, my friends: smile, be thankful and **EGBAR!** Everything is **Going to Be All Right!**

Orders For Manufactured Goods Rise Slightly in February

EconomicIndicators.gov

New orders for manufactured goods in February 2009 rose 1.8% from the prior month, to \$352.2 billion. Shipments fell 0.1%, unfilled orders declined 1.4% and inventories dropped 1.2% from the prior month.

I send email summaries like the one above to our underwriters and insurers regularly as we attempt to access the direction of our economy and the effects upon our trucking and insurance industries. Several folks have asked me to write my opinion of our economic direction, which I am happy to comply. I wanted to be an economist, but went to work here for my Dad in 1982 as opposed to going to graduate school. Someone once told me only economists, weathermen and actuaries keep their jobs irrespective of the accuracy of their forecasts.

It is generally stated that a rise in orders of 25-30% over the level of January 2009 will be a good sign for our economy. So, as described above, a 1.8% rise in orders offers very little solace. But we'll take any amount of good news. March numbers will be much more important to view.

My personal economic outlook for the the nest twelve months is not bright. Briefly, Housing autos and banking are all in a mess. Retail sales are depressed and cash has evaporated.

- Since October, GM, our **largest manufacturer**, has been in constant negative headlines and now another period of uncertainty lies in front of all suppliers, dealers, bondholders and wage earners in the auto sector. I am not sure how events could have been scripted to reduce sales more that the show we have all watched.
- There is no reason to assume that **private retailers** are in any better shape than the public entities which have reported such bad results. A cascade effect of suppliers not being paid by retailers is at what many folks believe is the next immanent tipping point.
- Since **auto and home sales** power our economy, (and just about now we enter a second year of depressed results) unless consumers begin to spend at

significantly increased levels over the next two months, I believe another round of closures and bankruptcies will follow. Even with reduced business costs and cutbacks, a robust Spring sales season is needed -- it seems unlikely to develop.

- **Lend the money?** The simultaneous and dramatic reduction in the value of equities and all real properties has reduced collateral available for every loan to those who still qualify, aka "the employed". TARP or no TARP, this is not a good time to loan money from the perspective of most bankers. It is interesting that the government is encouraging, if not demanding, banks to loan money in what would seem to be THE time when all banks should slow that process way down. By the way, Bankers feel victimized by the horrible broad brush characterizations coming from Washington. Just like no other insurer behaved like AIG, the banking actions of a few have colored the actions of most. [Click here](#) to read and listen to [John Allison of BB&T](#) as he articulates well the frustration of the vast, vast unheard majority of experienced, bright bank executives.
- With regard to [trucking insurance](#) rates, an up-tick in the economy is really needed to help increase the supply of truck to insure. It seems to us that premium is being chased harder right now than last fall. Intensified competition at minimum. However, the reduction of insurance capital is seemingly not temporary and most likely will be addressed by pricing within this calendar year.

So, as sinister as it seems, if 2009 is to end strong for all of us, we need a few more specialty insurance company withdrawals or failures and then some expensive cat losses (read hurricanes) to get things cranking. Then the inflation we are going to face in 2011 as interest rates begin to rise next year may have us wishing for these good old days. Email me your comments and thoughts as we are certainly interested in your personal economic insight.

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You

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