Predictions from the Center Mid-Field
2008

General Viewpoint

- Regulatory/political environment in the U.S. is not as favorable as it was previously for investment when compared with other countries (BRIC, Dubai, East Europe, etc.)
- Uncertainty with the upcoming presidential election and in particular the capital gains tax situation will keep deals getting done next year, but will cause decreases in new investments
- Over the next five years, the U.S. will miss out on its share of the global boom that is going on, largely due to economic and foreign policies of Bush Administration, regulatory impacts of SOX, and Isolationist bent

Economic Predictions

- U.S. unemployment up from 4.7% to average of 5.3% next year
- U.S. GDP growth will be down from 2.3% to 2.0 % next year, with first half being very slow, and near recession levels
- Oil prices will increase from $83.00 per barrel to $101.00 per barrel for 2008
- Fed funds rate will decrease from current 4.75% to 4.0% for 2008
- Ten-Year Treasury Note rate will increase from 4.64% to 5.0% for 2008
- USD/GBP exchange rate will increase from $2.02 to $2.05 for 2008
- USD/EUR exchange rate will increase from $1.41 to $1.56 for 2008
- Renminbi/USD exchange rate will decrease from 7.5 to 7.0 for 2008

Socio-Political Predictions

- Uproar in U.S. around foreign investors buying U.S. land, buildings, and other “sensitive assets”
- Significant decrease in U.S. illegal immigration caused by:
  - Slowing economy in the U.S.
  - Growing economies in Central and South America
  - Enhanced employer-focused compliance procedures
- Applications from foreign nationals in to U.S. universities up while applications for H1B visas down
- Independent candidate enters the U.S. presidential race and is a serious contender
- Wave of sellers of businesses and real estate to take advantage of 15% capital gains tax rate that is expected to be increased in the next administration
- Another Asian Flu scare

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