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The December jobs report was recently released and politicians are falling all over themselves to spin positive or negative interpretations. As an investor or entrepreneur, it pays to look at these numbers in an objective way, as much as possible. As Mark Twain once said, "Get your facts first, and then you can distort them as much as you please." So here goes. The private economy created 212,000 net new jobs in December and the unemployment rate dropped to 8.5%. Most industry sectors added jobs, even construction added 17,000 jobs. The government lost 12,000 jobs, but that is good news as it indicates that government is paring back to better control their budgets. These facts are good news for the economy and most important, the trend of these numbers is positive. However, the labor force over the last thirty months has shrunk by 840,000. The labor force participation rate (a measure of how many are employed or looking) is at 64% down from 66% in 2007 when jobs were plentiful. This indicates we are in the midst of a slow economic recovery. Overall, the numbers are positive and the January numbers will be insightful as the holiday season is over and January is normally a month when businesses cut back.

Sorry, but we gave up making economic and stock market predictions long ago. The stock market is sure to fluctuate this year and could be more volatile than last year. There are several uncertainties around the globe that will cause investors anguish this year. Foremost is the ongoing crisis in Europe. This crisis will be resolved this year (sorry, we said no predictions, but this seems to be a no-brainer) with one or more nations either defaulting on their debt or forcing holders of their debt to take a haircut of up to 75% of cost. One or more nations may also drop the euro and revert back to their old currency. The "Iron Lady," Margaret Thatcher was correct in advising England to stay out of the euro. News on this financial crisis will cause day to day machinations in the stock market and its final resolution will cause some near-term panic, but not a meltdown in the world economy. Investors know this is coming and are preparing for it.

The second major item facing the markets this year will be the presidential election. It promises to be down and dirty, but if you have read any history of elections in the 19th century, this one will not even come close. The issues will be very important for the direction of this country; people say this about every election, but this time it may be true. No prediction here.

A third major impact on the economy and the markets will be the resolution of healthcare reform. The Supreme Court will hear arguments on both sides and render an opinion. This has not garnered much press lately as the Republican primaries are hogging all the headlines. This is a very important piece of legislation as the

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uncertainty of its outcome has caused entrepreneurs to hold off on expanding employment until they get a clear picture of what healthcare benefits will cost them.

Likewise the uncertainties in the Dodd-Frank bill are holding up business decisions. Last year was a slow year for IPOs (initial public offerings). All these new regulations are hampering job creation and economic growth. The founder of Home Depot said recently that under the current regulatory environment he didn't think he could start Home Depot today.

The debt and deficit continue to dog America. Most Americans, including Congress, are vaguely aware that the nation's debt exceeds \$15 trillion. Many do not relate this to the fact that the debt now exceeds our GDP, and we are on the same path as Greece and Italy. Congress needs to get their act together and start making cuts in the budget or all else will be moot.

Proper tax policy and how to handle expiring tax cuts continues to be an issue. Allowing tax cuts to expire will amount to a huge tax increase and will slow growth in our economy. This is just another uncertainty overhanging entrepreneurs and investors. The entire tax system needs to be overhauled. If reform addresses uncompetitive corporate tax rates and other rate uncertainties, there would be an immediate and positive impact on the economy and the stock market.

Some of these issues will be resolved this year (the election for sure) and others will not. In any event, no matter how they are resolved, the major beneficiary will be America. We continue to believe that America is the best and safest place to invest.

Odds and ends:

- China will continue to struggle with a real estate bubble, inflation and a slowing economy.
- The US housing market will hit bottom and commence a slow recovery.
- The price of oil will decline due to slower worldwide growth, the increased use of natural gas and fracking.
- The world will not end on December 21, 2012 with the expiration of the Mayan calendar.

Random Thought for January 2012: "I always avoid prophesying beforehand, because it is much better policy to prophesy after the event has already taken place."

Winston Churchill

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