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MoneyNews.com

MoneyNews
Sunday, Sept. 25, 2005

Greenspan: U.S.'Lost Control' of Deficit

France's Finance Minister revealed Saturday that Federal Reserve Chairman Alan Greenspan says the U.S. has “lost control” of its budget deficit.

(Story continues below...)

Finance Minister Thierry Breton quoted Greenspan expressing exasperation at U.S efforts to curb its growing budgetary red ink.

"'We have lost control,' that was his expression," Finance Minister Thierry Breton was quoted telling the press after a face-to-face meeting with Greenspan.

"The United States has lost control of their budget at a time when racking up deficits has been authorized without any control (from Congress)," Breton said.

The remarks suggest Greenspan may have serious worries about the U.S. economy and will continue a maverick course at the Fed until his scheduled departure on January 31.

Recently Greenspan told Congress that the U.S. economy “has regained some traction.”

But in his last Federal Reserve meeting he ratcheted up interest rates to 3.75 points, despite the fact that some in Congress and the administration urged him to not raise rates. **[Editor’s Note: Sir John Templeton and Paul Volcker both warn of a looming economic "crisis" and real estate crash. For details, Go Here Now.]**

Greenspan has been warned that a new recession could loom as the U.S. economy absorbs the dual shock of skyrocketing oil prices and Katrina-related costs.

But Greenspan was apparently unfazed by such arguments, and raised rates for the eleventh time since June of 2004.

Breton suggested Greenspan will continue to raise rates.

"One has the feeling – though he didn't say so – that interest rates will probably continue to rise slightly until his departure."

Before Katrina hit the U.S., federal estimates placed the deficit at more than $330 billion.

But economists see that figure rising by perhaps another $100 billion or more as the Bush administration seeks to rebuild the Gulf Coast after the nation's most costly natural disaster ever.

Greenspan and other foreign finance ministers are apparently more worried about the growing deficit then the potential of an economic recession.

Breton also claimed Greenspan shared his view the Bush administration was not taking the deficit seriously.

"We were both disappointed that the management of debt is not a political priority today," he said.

Ministers from the Group of Seven nations Friday called for international efforts to reduce trade and other imbalances.

U.S. Treasury Secretary John Snow told the G7 the U.S. was still on course to cut its budget deficit by fifty percent in the next four years.

MoneyNews.com

MoneyNews
Friday, Sept. 23, 2005

Wilkinson's Edge
The Cutting Edge of Financial Analysis

Coffee Bonanza Brewing?

Dear MoneyNews Reader,

As Hurricane Rita prepares her witches' brew for Texas and its surrounding states this weekend, I have been reflecting on my August 13 column.

In it, I made the point that orange juice speculators might be unprepared for a more active hurricane season. Since that time, orange juice futures expiring in November have risen by 4.2%.

Commodity futures markets continue to intrigue me as the months go by. In particular, I've been watching a strange situation unfold in the coffee market - one I believe may present speculators with an opportunity.

Coffee plays second fiddle to oil as a foreign exchange generator for many developing nations. It is also the second most active futures market after oil.

The origins of coffee stretch back to the development of global trade in the seventeenth and eighteenth centuries. Of course, these days we have a number of coffee landmarks in the United States - places like Seattle, which gave birth to the 1970s "latte" culture, and Hawaii, where the first coffee tree was planted in 1825. Today that region provides some of the finest coffee in the world.

Coffee beans are a common primary product in lesser-developed nations, and coffee organizations have long been trying to permanently boost the price of this sought-after commodity. During a price slump between 2002 and 2004, the revenues of several producing nations failed to exceed production costs.

Today, as the popularity of coffee continues to grow, enhanced global demand is helping to boost the price of beans, thereby increasing coffee revenues in poorer nations.

In Brazil, per-capita consumption of coffee runs at 5.21 kilograms as the locals consume almost 40% of their own coffee crops. Demand increased 15% in the three years leading to 2004.

On average Europeans consume the same as Brazilians. Colder nations tend to drink more coffee per head. Finland, Denmark and Norway suck down almost twice as much as the French and Italians for example. But U.S. consumption is slightly lower - Americans drink 4.26 kilos per head.

On the one hand, the world is anticipating a shortage of perhaps 8 million 60-kilogram bags this year. On the other hand the price of Arabica coffee on the New York Board of Trade has slumped 13% since the year began.

Coffee prices, as measured by London's International Coffee Organization, are illustrated in the following chart, which depicts a slow-developing bull market for beans since July 2003. The ICO's composite measure takes the average daily price of a variety of beans grown around the world.

Since July 2004 coffee bean prices have jumped sharply from 57 cents per pound to more than $1 a pound.

The New York Board of Trade has a different standard of measurement on its benchmark "C" futures contract, but the story is the same.

There, coffee beans jumped from $0.85 to $1.51 per pound (a 77% spike) between August 2004 and March 2005. Since then, peak coffee has fallen back to $0.87 per pound. A single "C" coffee futures contract is worth 37,500 standard bags of Arabica beans from central and southern America, Asia and Africa.

Coffee Mountain?

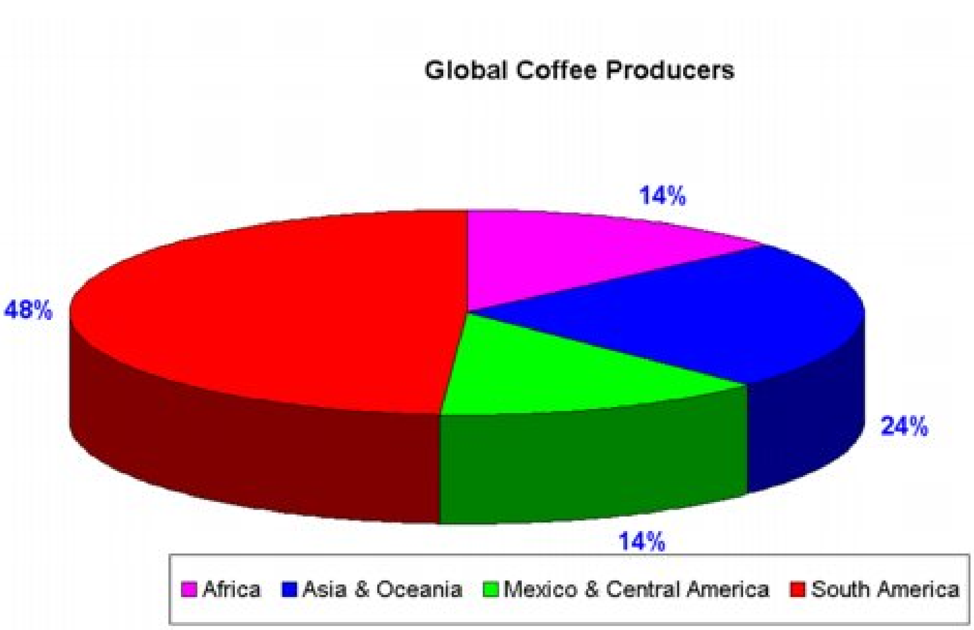
I'm left wondering whether this recent low is a fantastic time to start looking further forward and speculating on coffee futures. Let's take a look at some of the driving factors in the coffee story.

But we have to tread carefully as we evaluate the current state of the market. Don't forget, we already saw a big run-up in price as traders evaluated supply and demand factors.

So the big question is: Has all available news been meaningfully discounted, and if so does an opportunity genuinely exist?

In 2004 coffee production totaled almost 115 million bags - a 10.6% increase over 2003. In August this year the ICO boosted its forecast for global coffee production to 108 million bags. So right off the bat, we will have less beans to play with than we did last year.

So have a look at where your coffee comes from:

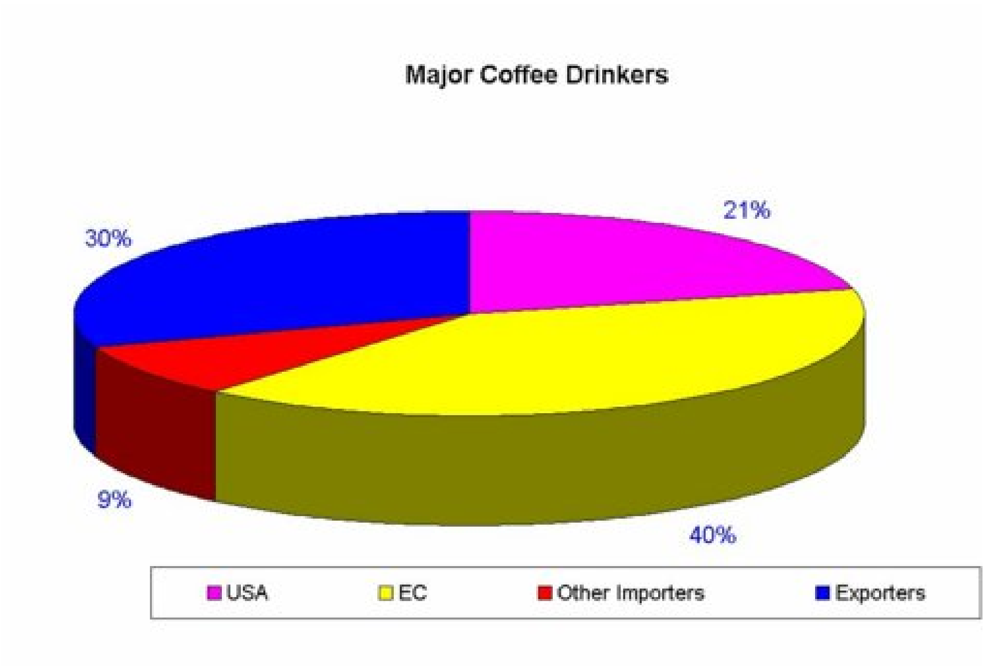


These countries consume approximately one-quarter of the coffee that they grow. In 2004 that figure was 29.9 million bags, leaving 90.7 million bags available for export to other coffee-loving nations. Plus, some coffee goes into storage.

As at the end of August, LIFFE and NYBOT (these are commodity trading exchanges in London and New York) held 8.2 million bags in certified storage. Interestingly, coffee-exporting nations began 2005 with the lowest in-hand supply in 25 years. The amount of coffee held between 2003 and 2004 alone slipped by 29%.

So we have a mix of rising demand and a potential shortfall in the coffee stockpile that is unlikely to be satisfied by the dwindling supply.

With that, here's where coffee ended up last year:



This week India, the world's fifth-largest exporter of coffee, announced an expected 5% decline in output thanks to heavy rains followed by insect damage in August.

That news comes hot on the heels of speculation surrounding the state of coffee beans being stored at the Port of New Orleans. The Louisiana facility is the nation's leading commodity-handling port.

While Hurricane Katrina left her mark all over the southern states, she took an especially harsh toll on the all-important Port of New Orleans. In its August report, the ICO detailed that warehouses there are holding 1.6 million bags of coffee, which represents 27% of the total volume of U.S.-held supplies.

This week officials from the New York Board of Trade are set to inspect the New Orleans warehouses to get a better handle on the state of inventories held there.

A local business contact here in South Florida wondered just how bad the state of coffee stocks in New Orleans was. As the largest private producer of coffee in the United States - which includes his 1,100-acre Hawaiian plantation - John Parry of Gold Café confirmed my analysis and approach to this $180 billion dollar-a-year futures market.

Having actively dealt in coffee beans for more than 25 years, John described how the futures market has changed slowly during the last decade.

He identified three distinct evolving characteristics that have in part caused a parting of the waves when it comes to supply and demand:

- The rise of financial institutions within the active futures market has caused commoditized affairs. The market has become less focused on the real-life events that formally shaped the fundamental situation. Today, John notes, hedge funds and other financial traders, who thrive on liquid markets, are more interested in extracting their dime out of the market - regardless of direction.

He noted the rise in the daily trading range as evidence that major players were toying with the market.

- The ascent of Vietnam as a coffee-growing nation has helped to boost global production by somewhere between 10 and 20%. The Southeast Asian country is known for its Robusta beans, which are more bitter than the Brazilian Arabica. Most importantly, Vietnam's emergence as a coffee powerhouse has changed the market's perception about the balance of supply and demand.

- John Parry grows and buys beans in order to blend varieties of coffee. He told me about the rise of the specialty coffee market. It seems that as consumption has increased, the public has developed a more sophisticated palate.

This final point helps to explain the proliferation of a second-tier market. This lower-level arena, while reliant on pricing from the New York "C" futures contract, is developing its own head of steam. John estimates that this portion of the market stands at a healthy 30% and is growing rapidly.

This market segment is important because it commands a premium above the benchmark "C" contract of as much as 30% -- and even more. But that premium is dependent on the quality of the bean.

John is a purist and insists on only the highest quality product.

His roasting plant is a testament to his stringent standards. Here he maintains strict control over his inventory, packaging only the highest-quality products for shipment. But first and foremost, he starts by buying only the finest coffee beans. He has cultivated relationships with local farmers in Costa Rica, Guatemala and Ethiopia over the years and when we met, he described the individual microclimates that made him pick one particular plantation over another.

As I dug deeper into the specifics of the coffee business, I began to realize that prices have fallen out of line with what's going on in the real world.

John agreed with me, explaining that this week we have seen coffee at its lowest price in a year.

"It's hardly rocket science. You don't need to be that bright to realize that this is a great buying opportunity," John said.

"Can it fall much further? Possibly so, but the farmers will be operating at a loss."

For that very reason, just a couple of years ago many farmers switched to growing mangoes and other fruits on their plantations.

It remains to be seen whether the NYBOT officials' visit will confirm damage to stocks in New Orleans.

But regardless, traders are focused on a potential increase in the supply of Brazil's milder Arabica variety as the flowering season approaches following a frost-free winter there. In Vietnam - the largest supplier of the bitter Robusta bean - crop gathering will begin in several weeks.

These two events have recently dragged prices lower. To my mind, weak prices are the result of developing nations' lack of collective bargaining power when it comes to selling their coffee.

But at the end of the day, the rising global demand for coffee will inevitably force prices higher. Add in demand growth for the specialty bean, and the fundamentals could be slowly shifting toward the prospect of a bullish coffee market.

As I search for reasons why a fundamentally imbalanced market might be ignoring both demand increase and falling supply position, I note one final piece of evidence in the futures market: Many of the speculative longs may finally have been shaken out of the market.

The Commodities and Futures Trading Commission (CFTC), measures the number of industry and speculative positions reported across the coffee market. For every buyer there is a seller, and as activity increases, open interest grows in the marketplace.

According to weekly data, open interest among coffee bulls has been falling steadily since the market hit its peak in March.

That means that longs have been taking profit and then exiting the market. And bullish views have been hard to establish since other traders - both commercial and speculative - are already long and trying to get out of the market.

Hence the recent price declines.

But it looks as if open interest has fallen significantly now and a fresh bout of buying might actually see prices stick.

December 2005 coffee on the New York Board of Trade closes the week at $0.93 per pound after registering a low of $0.86 this week.

If my analysis holds up, we could see a significant rally before year's end - into the $1.05-$1.10 region.

As John Parry told me, while he'd like to lock his costs in at current prices, he can't hedge his bets too far forward in time - just in case he's wrong that we are seeing a low point for coffee prices.

As John so eloquently stated - you can be right about the market and buy during the troughs, but you might also be wrong and get dragged down, having paid too much.

For him, it's all about being able to roast another day.

Andrew Wilkinson
Senior Newsletter Editor

MoneyNews.com

MoneyNews
Thursday, Sept. 22, 2005

(Headlines - scroll down for full stories)
1. Poll: GOP's Fuel Apathy Will Cost Voters
2. Weakened Storm Sparks Oil Drop
3. Improved Credit = Massive Savings
4. Expert: Boomers Need Long-Term Insurance

1. Poll: GOP's Fuel Apathy Will Cost Voters

For decades, Americans assumed that cheap oil was a constitutional right, much like freedom of speech and the right to bear arms.

But the events of 2005 have taught U.S. citizens to think again - at least in regard to oil prices.

A new poll by CBS MarketWatch shows that 87% of U.S. consumers believe oil companies are gouging them at the pumps - so much so that a clear majority of poll respondents say big oil firms should pay for research into alternative sources of fuel and energy.

In mid-September, some 1,019 adults were polled by Opinion Research Corp. for the Civil Society Institute, a Newton, Mass.-based non-profit advocacy group.

For the short term the news isn’t good for President Bush and his congressional agenda 13 months before the 2006 elections.

If almost 90% of consumers continue to say they’re being gouged on gas prices come November of next year, Bush and the GOP will have a big problem. Gas and oil are major pocketbook issues for Americans, and sustained high prices may cause those voters who traditionally can’t stomach the liberal left to send Republicans a message next year, just the same.

The numbers may have Karl Rove reaching for the Maalox as well.

Only 7% of poll respondents say “very little” price gouging is occurring. About 4% say it’s not happening at all, while 3% said they had no knowledge of whether price gouging was occurring or not, Marketwatch reports.

Worse for the GOP is the study’s conclusion that both sides of the political aisle are almost equally convinced that price-gouging is a problem - and it’s the majority that feels this way. An amazing 82% of Republicans say "some" or "a great deal" of price gouging is going on, while 91% of Democrats and 87% of independent say the same.

And that could force the oil industry’s hand, as well.

“Many consumers appear ready to gouge right back,” says Marketwatch.

“[Some] 79% of those surveyed said they support a tax on oil companies’ profits if the money collected goes to research on alternative energy sources. That sentiment crossed political lines to a large extent, with 83% of Democrats, 76% of Republicans and 81% of independents supporting such a tax to fuel research on alternative energy sources.”

In a telephone press conference Thursday, Pam Solo, president and founder of the Civil Society Institute, told reporters that steeply higher gas prices, the United States' reliance on foreign oil, and global warming have formed a political cold front for President Bush and Congress.

"Americans have seen ... too little action from Washington on energy prices, fuel-efficient vehicles and the dangers of too much reliance on foreign oil," Solo said.

She points to the fact that 81% of study recipients claim the federal government isn't doing enough about high energy prices or U.S. dependence on Middle Eastern energy sources.

Poll respondents overwhelmingly agreed that U.S. car manufacturers should follow Toyota’s lead and begin including hybrid fuel technology in all new cars. Over 80% of respondents agreed with that sentiment, the study says.

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2. Weakened Storm Sparks Oil Drop

Hurricane Rita may not be packing the same punch as her big sister Katrina - and that could quell fears of rising oil and gas prices, oil industry observers say.

With analysts watching Gulf-area refineries like hawks these days, the news that Rita could be weaker than initially thought led to a decline in oil prices on Friday morning.

Providing more cause for optimism is the fact that most Texas oil refineries are located well above sea level. That was not the case with New Orleans-area refineries disabled by Katrina last month.

Light sweet crude for November delivery on the New York Mercantile Exchange fell 80 cents to $65.70 a barrel by midday in Europe. Heating oil dropped 5 cents to $1.99 a gallon, while gasoline fell 7 cents to $2.07 a gallon.

"Last week's bearish and pessimistic mood was overdone, considering that almost 900,000 barrels per day of U.S. refining capacity was still down (pre-Rita), and that global product demand is forecast to increase by 3.5 million barrels per day between September and December," Michael Wittner, global head of research at Calyon Financial in London, told Dow Jones Newswires.

But the news isn't entirely rosy.

Already, 11 of the 26 oil refineries in Texas have been shut down until the hurricane blows over. Together those 11 account for a daily capacity of 4,000,000 barrels.

The Associated Press also reports that on Thursday, the U.S. Minerals Management Service said there were 605 unstaffed platforms in the Gulf, up from 469 on Wednesday. "More than 90% of the region's oil production was blocked, while more than 65% of natural gas production was affected," the AP said.

Adding to the optimism was Saudi Arabian foreign minister Prince Saud al-Faisal. In an interview with the AP, he said that that he'd prefer it if the price of crude fell to about the $45-per-barrel range. He added that prices should stabilize there.

Editor's Note:

- ***Financial Intelligence Report*** **predicted in April 2004 that oil would exceed $60 per barrel. The same report agrees with Forbes that oil will drop to $40 a barrel in the next 12 months. Get the full details - Go Here Now.**

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3. Improved Credit = Massive Savings

Consumers could save $16 billion a year in lower credit card finance charges if they improved their credit scores by an average of 30 points.

That's according to the second annual consumer credit score survey commissioned by the Consumer Federation of America (CFA) and Providian Financial.

The survey says that compared to last year, consumers better understand credit scores and enjoy improved access to their information - but the conclusion is that these developments are insufficient.

"In the past year, consumer understanding of these scores has improved, in part because many consumers have obtained their scores," said CFA Executive Director Stephen Brobeck.

"Unfortunately, most consumers still do not know basic facts about credit scores and their financial significance," he added.

Now that so many businesses - not just creditors - use credit scores in product pricing and availability, the implications of low scores, and savings from high scores, can be considerable.

"If consumers were to raise their credit scores by only 30 points on average, they would save $16 billion on lower credit card finance charges alone," said J. Christopher Lewis, Providian's chief public policy officer.

Lewis says that consumers can raise their credit scores by:

Paying their bills consistently and on time.

Not maxing out their credit cards or other "revolving credit."

Paying off debt rather than just moving it around, and not opening many new accounts rapidly.

Checking their credit reports (which are now free) to make sure they are error-free. Federal law now requires the three main credit bureaus to make an annual credit report available to consumers on request at no charge.

The survey shows that many consumers simply do not understand how costly lower credit scores are.

In terms of mortgages, according to Fair Isaac's website, on a $150,000 30-year fixed-rate mortgage, consumers with credit scores over 760 will be charged a 5.42% rate with monthly payments of $844, while consumers with credit scores below 620 will have to accept a 7% rate with monthly payments of $998 (if in fact they are even able to qualify for the loan). That's an annual difference of $1,848.

According to Lewis, low scores could not only cost consumers up to thousands of dollars a year in additional finance charges - they might also deny them access to credit, insurance, electric and telephone service, a rental unit and even a job.

Consumers with scores below 600 are typically charged relatively high "sub-prime" loan rates, while those with scores above 700 are usually given low "prime" rates. Those with scores above 760 are charged the lowest rates.

Consumers can purchase credit scores (credit reports are free) from all three credit bureaus for $44.85 by contacting Fair Isaac (myFICO.com), or they can get individual reports and scores from the three bureaus - TransUnion (www.transunion.com), Experian (www.experian.com), Equifax (www.equifax.com) -- for as little as $14.50.

Those who maintain a Providian credit card can receive a TransUnion-derived monthly credit score for free. Also, mortgage applicants can obtain their score for free from the lender.

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4. Expert: Boomers Need Long-Term Insurance

Baby Boomers are often referred to as the "Sandwich Generation" since many of them are dealing with the emotional hardship that comes with caring for an aging parent while simultaneously worrying about both their own financial concerns and those of their children or grandchildren.

Fortunately, this problem has a solution: long-term care insurance, insurance experts say.

"These fresh emotional wounds force many to ponder their own lives and the hope that their children will not face the same financial and emotional stress they are experiencing," says Eric Hutchinson, CFP and CEO of Hutchinson/Ifrah Financial Services.

"Fortunately, those in the Sandwich Generation still have time to plan for their long-term aging needs and give their children peace of mind - but time is quickly running out."

So what steps can they take?

One simple but often neglected measure is to consider long-term care insurance, says Hutchinson. This can alleviate many of the financial concerns that come with caring for an aging parent.

"However, it is best to purchase such a policy by the time you reach age 55, since that's when you can get the most favorable rates," he advises.

Editor's Note:

- **The cracks in the national private pension system are showing like never before. Protect yourself now from the coming Baby Boomer tidal wave! Go Here Now.**

Editor's Notes:

- ***Financial Intelligence Report* predicted in April 2004 that oil would exceed $60 per barrel. The same report agrees with Forbes that oil will drop to $40 a barrel in the next 12 months. Get the full details - Go Here Now.**
- **The cracks in the national private pension system are showing like never before. Protect yourself now from the coming Baby Boomer tidal wave! Go Here Now.**
- **Today, brain disease (Alzheimer's, Parkinson's) is rampant. And it will only get worse. Discover a way to protect yourself - immediately. Learn more.**

MoneyNews.com

MoneyNews
Thursday, Sept. 22, 2005

(Headlines - scroll down for full stories)
1. Gold: Ultimate Hedge Against Inflation
2. Five Years of Profits … in Six Months
3. Rate Hike Ravages Short-Term Bonds
4. Study: Best Investors Are 'Psychopaths'

1. Gold: Ultimate Hedge Against Inflation

On the list of hot-button issues professional investors are most afraid of, inflation ranks right up there with red ink, a rotten economy and watching the CEO of their favorite firm being led away in handcuffs on CNN.

Now, with fears of inflation on the rise, investors are once again turning to gold to hedge themselves against creeping inflation. As NewsMax's MoneyNews has been reporting all along, gold is as hot as a $2 pistol and shows little sign of abating.

Evidence of that came on Wednesday. Gold hit an 18-year high with futures roaring past the $475-an-ounce level after oil prices climbed back up to over $68 a barrel, further feeding inflationary concerns.

"Gold is hitting new highs ... on higher energy costs and concerns over rising deficit spending due to the potential added weight on the government to provide relief aid in case 'Rita' causes more damage to a major city," John Person, president of National Futures Advisory Service, told CBS News Marketwatch.

"Inflation is alive and well - even the Federal Reserve sees it that way," said Person. And that's why gold has hit the $475 level.

For the day, gold rose $2.40 after reaching a high of $475.30.

Analysts had figured that gold would either remain static or decrease in price after the Federal Reserve opted to ignore warnings of inflation and raise interest rates by a quarter-point on Tuesday.

But gold prices shot up anyway. The precious metal is "holding up after the Federal Reserve's rate increase," Ned Schmidt, editor of the Value View Gold Report, told Marketwatch.

The latest U.S. rate increase should have been the catalyst for a move lower in gold, but global purchases of the metal have been sufficiently strong to cancel out the Fed, Schmidt said.

The "rate increase on top of hurricane damage means that a recession is increasingly on the horizon," he said, adding that such a combination is "bad news for dollar and deficits."

Two bellwether gold indexes also rose significantly. The CBOE Gold Index closed at 101.15, up 3.8%, while the Philadelphia Gold/Silver Index climbed 3.4% for the day. Key gold stocks fared just as well. Anglogold Ashanti rose 4% and Harmony Gold Mining climbed by 5.7%.

And Marketwatch says that gold could go even higher.

"While gold can consolidate and even test past heavy resistance in the $450 area, the surprises have been, and should continue to be, to the upside," says Peter Grandich, editor of the Grandich Letter.

Higher-priced commodities have drive inflation rates up to 3.6%, annually, and to a dangerous 5% over the last six months. Worldwide average gold prices have risen an average of 13% since May 2005.

Editor's Note:

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2. Make Five Years Worth of Profits in the Next Six Months

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3. Rate Hike Ravages Short-Term Bonds

It didn’t take long for the financial markets to feel the impact of Hurricane Greenspan.

On Tuesday, Sept. 20, prices on two-year U.S. Treasury notes fell by 0.125% in heavy trading, as investors sought shelter after perceptions that Treasury yield curves were flattening sharply. With short-term Treasuries a slightly riskier bet, investors fled to the safety of longer-term Treasuries.

The dip in short-term bond prices came hours after the Federal Reserve hiked the key Fed Funds rate to 3.75% - it's highest level since 2001.

Some economic observers had predicted the Fed would stand pat after the devastating effects - human and economically - of Hurricane Katrina.

After all, why lift rates in an economy that could well be slowed after the economic blow sustained by the states bordering the Gulf of Mexico?

But the Federal Reserve's Open Market Committee didn't see it that way. They announced the rate hike, also noting that "monetary policy accommodation, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity."

The Committee also wrote that while acknowledging Katrina's "tragic toll," the hurricane's aftermath and the subsequent rise in energy prices "do not pose a more persistent threat" to the economy.

Word from the Fed pushed Treasury bond prices down across the board early in Tuesday's trading session, with only long-term bonds recovering by the end of the session.

The 30-year bond ended up 11/32. Its yield - which moves in the opposite direction of bond prices - was 4.53%, down from 4.55%. Short-term yields went the opposite way. With prices falling, two-year Treasury yields rose to 3.99% from 3.93%. Yields on three-month Treasuries rose to 3.61%, up from 3.53%. The benchmark 10-year Treasury remained virtually unchanged during trading.

The Associated Press reports that the rate hike is good news for long-term bondholders who are worried that inflation could erode the value of their portfolios over time. Meanwhile, further rate increases will keep pushing the two-year note yield higher.

"The Fed is giving no indication they are close to finishing their rate hike cycle," Dominic Konstam, head of interest rate strategy at Credit Suisse First Boston in New York, told the AP. "They clearly want to get ahead of inflation risks and it makes 4.25% a likely year-end level for the Funds rate."

This was the 11th consecutive rate hike in as many meetings by the Fed. Even so, the Reserve officials are demonstrating no sign of an end to future hikes. The agency repeated that rates remain "accommodative" and will rise at a "measured" pace.

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4. Study: Best Investors Are 'Psychopaths'

Where's Randall McMurphy when you need him?

Apparently, McMurphy, the tragic antihero of Ken Kesey's book "One Flew Over the Cuckoo's Nest" would fit right in down in one of Wall Street's trading pits.

That's the conclusion after researchers from Stanford Graduate School of Business, Carnegie Mellon University and the University of Iowa published a study earlier this week claiming that the most successful Wall Street traders could best be described as "functioning psychopaths."

In a study of investors' behavior, university researchers suggest that people with brain damage can make better financial decisions than those who don't suffer from such an affliction. The study is based on the relatively new field of neuroeconomics, which explores the mental processes that drive financial decision-making.

The experts found that emotions can make investors play things too close to the vest. Study results indicate that the emotionally impaired are more prone to roll the dice and gamble for high stakes.

Antoine Bechara, an associate professor of neurology at Iowa, suggested that it might be plausible to call some successful stock market investors "functional psychopaths."

"These are individuals either much better at controlling their emotions or, perhaps, not experiencing them with the same intensity as others," he said.

Baba Shiv of Stanford said the study results extended to other high-profile vocations: "Many CEOs and many top lawyers might also share this trait. Being less emotional can help you in certain situations."
