



The Polar Letter

Issue November 08 - 05

Both unemployment and bankruptcy filings are on the rise and we are all but certain that both will increase materially in the coming quarters. According to the American Bankruptcy Institute, consumers here in the US filed just a bit more than 106,000 bankruptcies in October, 40% more than a year ago and 20% more than in September! The ABI's Executive Director, Mr. Gerando, made it clear that still worse figures lie ahead. This following a revamping of the bankruptcy laws earlier this year, which supposedly made it much harder to go bankrupt than it had been in the past.

The center for automotive research recently released a rather ominous study concerning the likelihood of a substantial contraction (merger or failure) in the US automotive industry and its immediate and trickle down effects upon unemployment and tax revenues, etc. This is a must read at www.cargoup.org.

In the past issues, we have opined that the insurance industry is to be avoided in any investment form including annuities because of, among other things, its exposure to the municipal bond insurance companies. Today, AMBAC and MBIA posted much wider than expected losses on debt instruments. Concerning this situation, it is interesting to note that California is dealing with a seven billion dollar deficit and New York's Governor Paterson says his state faces a forty seven billion dollar deficit over the coming six quarters. Please keep in mind that troubled states and municipalities do not have the ability to print (print money) their way out of fiscal difficulty, a fiscally irresponsible activity utilized by our Federal Government.

We see no reason for optimism concerning the traditional investment markets, and do not believe that this bear market will conform to the norms of historical bear markets.

As our regular readers are aware, our firm utilizes various forms of alternative investments in the management of client portfolios. We have among other opportunities an individually managed futures account with has a three year average annual return of in excess of 40%. Naturally, such an investment is not suitable in all portfolios, and past performance is not necessarily indicative of future results. Please call us for further information including a disclosure document. We encourage readers to read an informative piece published by the Chicago Board of Trade on Managed Futures at: www.cbots.com/cbot/docs/67790.pdf

Please visit Polarinvest1.com – [President's Corner](#) for prior letters.

Michael C. Jordan
President

Polar Investment Counsel Inc is a federally registered investment advisory firm and broker dealer which manages customer accounts on a fee or commission basis. The firm's senior principal, Michael Jordan, has nearly thirty-five years of industry experience.

Polar Investment Counsel, Inc.

Member: FINRA, NFA, MSRB, SIPC
Broker-Dealer / Investment Advisory
Home Office: Thief River Falls MN 56701
218.-681.7344 * 218.681.1329 [fax]
www.polarinvest1.com

The views expressed above are those of Michael C. Jordan and not those of PICI nor necessarily those of PICI's independent contractors, brokers or advisors.