

Jan. 8 2007

Monday Morning Outlook

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
1-10 / 7:30 am	International Trade - Nov	-\$59.7 Bil	-\$62.3 Bil		-\$58.9 Bil
1-12 / 7:30 am	Import Prices - Dec	+0.6%	+0.5%		+0.2%
7:30 am	Export Prices - Dec	+0.2%	+0.3%		+0.4%
7:30 am	Retail Sales - Dec	+0.7%	+0.8%		+1.0%
7:30 am	“Core” Retail Sales - Dec	+0.5%	+0.7%		+1.1%

The Bronco Nation

When Chris Petersen, head football coach of the Boise State University Broncos held up the Fiesta Bowl trophy after his team’s amazing victory over The University of Oklahoma last week, he said, “This is for the Bronco Nation.”

That was understatement. The Boise State Broncos had just done what many people thought impossible. And they did it in a way that electrified the entire nation, not just Boise fans.

It was quintessential Americana. Call me weird, but I could not help thinking about the Revolutionary War. The British Army believed gentlemen fought in lines, on wide-open ground, 50 or so yards apart, slowly loading and firing muskets at each other. While the regular army participated in many of these types of battles, the irregulars and militia fought more of a guerilla-style campaign – attacking supply lines and ships..

Likewise, Boise State’s very solid team augmented its offense with guerilla tactics, including an impossibly perfect hook and ladder pass play to tie the score, a quarterback in motion and an absolutely stunning Statue of Liberty running play (for 2 pts.) which sealed the victory, and a 13-0 record.

Bob Stoops, the head coach of Oklahoma stood shaking his head on the sidelines after every one of these plays, much like British General Charles Cornwallis must have done after being defeated at Cowpens by General Nathanael Greene, and before surrendering to the upstart Americans at Yorktown.

Old line football stalwarts, like Nebraska, Ohio State, Alabama, Notre Dame, and Michigan rarely try trick plays – for two reasons. First, they don’t believe it’s necessary because their system and recruiting should make victory a high probability. And, second, they are risk averse (Notre Dame *Week of January 15, 2007*

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
1-17 / 7:30 am	PPI - Dec	+0.5%	+0.3%		+2.0%
7:30 am	“Core” PPI - Dec	+0.1%	+0.3%		+1.3%
8:15 am	Industrial Production - Dec	+0.2%	+0.3%		+2.0%
8:15 am	Capacity Utilization - Dec	+81.9%	+81.9%		+81.8%
1-18 / 7:30 am	CPI - Dec	+0.3%	+0.3%		0.0%
7:30 am	“Core” CPI - Dec	+0.2%	+0.3%		+0.0%
7:30 am	Housing Starts - Dec	1.550 Mil	1.550 Mil		1.588 Mil
11:00 am	Philadelphia Fed Survey	1.0	2.0		-4.3

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Consensus forecasts come from Bloomberg. This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

tried a fake punt in its bowl game last week and failed, most likely angering and embarrassing many alumni).

But risk-taking made America what it is today – the largest and most dynamic economy on the face of the earth. Young, upstart, entrepreneurial companies – the underdogs – typically drive the process. Yesterday’s GM, Ford and IBM are today’s Google, Apple and Microsoft.

This does not mean that old-line companies don’t create wealth and provide a solid base for the American economy. They do. But risk-taking entrepreneurs provide the real vibrancy because they don’t need to be defensive. The free market encourages innovation and creativity and every day there is a payoff in the marketplace.

There are certainly institutions and laws in place that protect the status quo and make it harder to compete against established companies. In much of continental Europe these protections are widespread and stifling. But in American business, anything can still happen, just like on the football field. It’s called freedom and it works.

That’s why a playoff to find the Division I College football champion should take place. If Florida beats Ohio State tonight, in a football match-up decided on by committee, not by head-to-head competition, the Boise State Broncos will be the only undefeated team in the nation. If Ohio State wins, then there will be two undefeated teams. Either way, the Broncos will never get a shot. For the “Bronco Nation,” for the entire nation, the NCAA should institute a playoff for Division I college football as soon as possible. It’s the American way and it’s the only way to name a true champion.