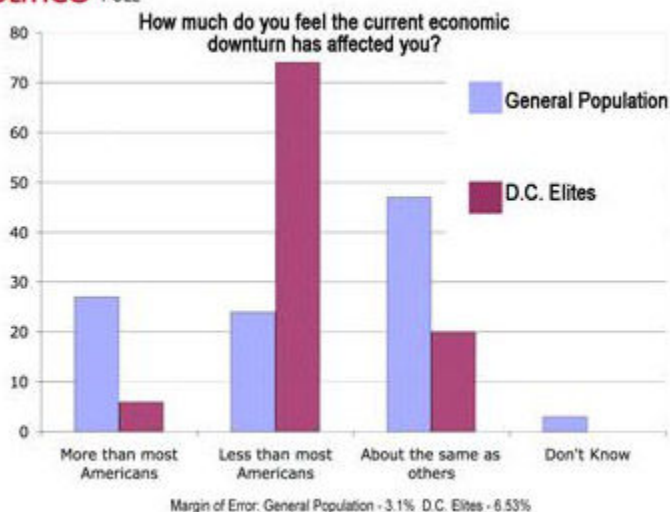




Politico commissioned a poll addressing issues related to the economy and politics. The survey distinguished between Washington, DC elites and others. The DC elites are those who live in the Washington, DC metro area, earn at least \$75,000 annually, have a college degree and work within the political process or on important political issues. 1,011 individuals were surveyed nationally including 227 DC elites. Not surprisingly, 74% of DC elites believe that the economic downturn has affected them less than most Americans (23% for the general population), while 49% (27% - general population) believe the U.S. is headed in the right direction. DC elites have well-paying jobs and many are part of the current administration so these results may be expected. However, consider the ‘yes’ responses to whether an issue is considered important. Did you expect this?

POLITICO POLL



‘Yes’ Responses to the poll question “Is the issue very important?”

	DC	Others
Social Security	41%	65%
Family values	23%	62%
Immigration	36%	53%

Where do you stand?

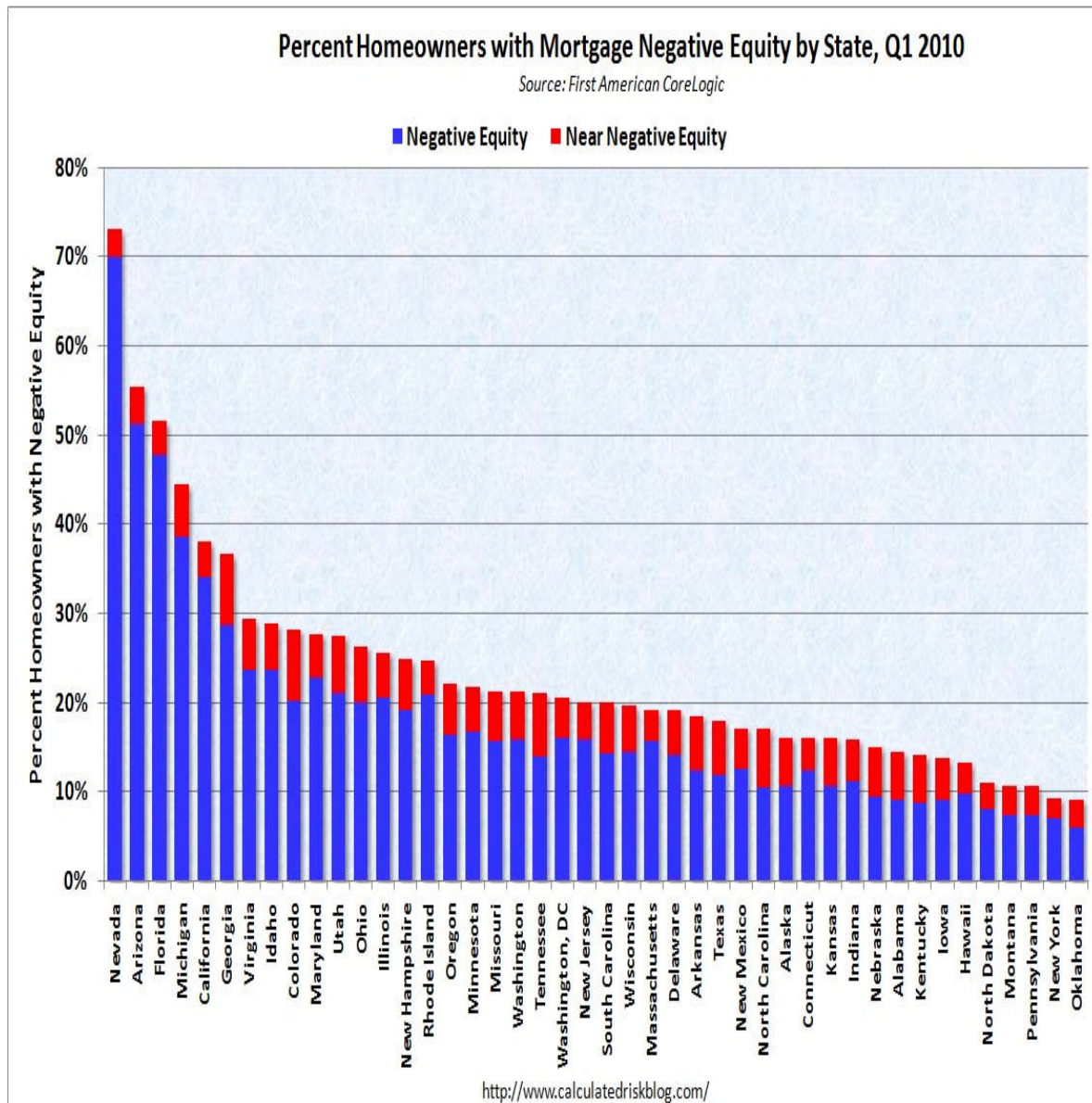
Breaking News

- It appears that the Senate will approve the extension of jobless benefits to as much as 99 weeks. The extension will add to the federal deficit. Nationally, there are currently 5 individuals searching for work for every job advertised.
- The National Association of Home Builders tracks builders’ sentiment about the housing market. Yesterday, the sentiment index came in at 14 with anything under 50 indicating pessimism. In May, new homes for sale totaled 213,000, which at current sales rates, represents 8.5 months of inventory.

Economic News

At the end of March 2010, 11.2 million homeowners had negative equity in their homes. As noted below, Nevada led the pack with almost 70% of homes worth less than the debt owed, followed by Arizona and Florida with 52% and 47%, respectively. Oklahoma had

the smallest fraction of homes with negative equity at 6.5%. Over 10% of these homeowners had negative equity of at least 25%. How long might it take for these borrowers to be made whole? Studies show that negative equity induces borrowers to walk away from their debts. Should the federal government be actively pursuing policies to stabilize real estate values? How does your state compare?



Deal of the Day

Over the past decade, the state of California's annual contribution to employee pension benefits increased from \$145 million to \$3.5 billion. A recent study concluded that the state's three largest pension plans were underfunded by roughly \$500 billion. However, Bruce Malkenhorst, retired city administrator for Vernon, CA (population 92), appears to be getting by comfortably. He receives an annual pension of \$449,675 from the city. With its budget problems, California is cutting the number of state workers and their pay to help meet the pension obligations.

Distributed by the Graduate School of Banking at Colorado.

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