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## Daniel Barnes' Predictions for 2010

Since 2007 Daniel Barnes, of Barnes Capital in Lafayette, has been making predictions in his newsletter about what will happen in the new year. Some appear below - for more, go to [www.barnescapital.com](http://www.barnescapital.com).

1) Changes in the health care system become law. But with the deepening recession, this milestone event pales next to the growing unemployment problems. The actual implementation of health care reform is less clear and remains unrealized in 2010.

2) In real estate, the selling season begins strong in late February as hope springs anew. Then the Alt-A mortgage resets kick-off and massive amounts of suppressed inventory flood the markets. By June, oversupply and higher long-term mortgage rates sends multiple regional markets into tailspins. Deals fall out of escrow and sellers begin to face the music. But it's too late for big changes to happen in 2010, and inventory quietly gets taken off the market as buyers in waiting and sellers in denial put off getting real and moving real estate for another year.

3) Gold finishes 2010 on an upswing notching -- the 11th straight year of a rising gold price. During the year, the ancient relic pulls back its price more than 15% twice without breaking a sweat, and it closes the year strong with a close above \$1450.

4) Municipal bonds repeat their tumultuous ride of 2009 rallying strong in the face of higher demand, while falling hard during increased issuance months. Returns remain positive for the year in single digits.

5) Ever-expanding world population growth in the developed world creates a floor in oil prices above \$65. Continued global recovery despite the global bear market in real estate pushes oil into stable \$65 - \$95 trading range.

"Thinking about the future and what could possibly happen is crucial for us in our role as a steward of people's finances," Barnes concludes, "history has shown the importance of a diverse portfolio, particularly in times of great change." S. Braccini

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