



HAWK Talon

HAWK 100

Monthly News from Hawk100

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Let it Snow.

Ohio should host the Winter Olympics.

Weather in 2010 host city Vancouver prevented snow whether by nature or machine. Vancouver was forced to import white stuff by truck from the Canadian Rockies. Meanwhile, record snowstorms socked the eastern US, closing airports.

Between shovels from my driveway this month, I travelled near and far to work with many of the leading minds in the financial profession. Recent travels to South Korea, Japan, Michigan, Texas, and Indiana gave me great perspective on the economic pulse in a variety of disparate settings. I take home the ability to apply that perspective to the better alignment of your wealth with your life.

A brief perspective I would like to share provides insight into economic trends. Nearly every seat of my every flight has been occupied. Industry trade group, Air Transport Association confirms with data that reports higher passenger load factor, revenue passenger kilometers, and freight traffic in nearly every global region. Such vital statistics forecast improved results for airlines and global economies.

If Vancouver can move snow and airlines can move passengers through snow, then Ohio can move mountains. So begins and ends the campaign to host in 2014.

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Why Chile is Not Haiti.

In January, we watched horrific images of Haitians struggling through chaotic aftereffects of a 7.0 magnitude earthquake that devastated the island.

February closed as one of the strongest earthquakes ever recorded, at magnitude 8.8, rocked Chile. But we have witnessed neither civil unrest nor economic devastation on the scale of Haiti.

Why did Chile survive an enormously stronger quake with comparatively little carnage? Here are five contributing factors in our opinion.

First, the earthquake's epicenters focused on areas of different population densities. The Haiti quake struck near Port-au-Prince, where an estimated 2 million people live in 15 square miles, a density of 74,000 per square mile. The Chile quake was centered just north of Concepcion. Approximately 300,000 live in Concepcion's 86 square miles, about 3000 per square mile — comparable with Columbus, Ohio. Lower population density reduces congestion that can disrupt emergency response in crisis.

Second, the nations have widely divergent economic status. With per capita GDP of \$1300, Haiti is the poorest country in the Western Hemisphere, and 80% of its population lives under the poverty line. Chile is among the wealthiest Latin nations with per capita GDP estimated at \$14,700 and only 18% living in poverty. Higher living standards enable greater investment in protective measures in the event of emergencies.

Third, the nations have learned different lessons from their experience. Haiti routinely faces down hurricanes which strike the island frequently. Every few years and sometimes multiple times within a year, Haiti bears hurricane force storms and powerful weather systems. But, it had been nearly 60 years since a similar earthquake trembled near the island. Chilean earthquakes are neither rare nor small. Subduction of the Pacific plate under South America has been responsible for most of the strongest quakes ever recorded. Chile learned from the 1960 quake that registered 9.5 and sent a terrifying Tsunami across the entire Pacific.

Fourth, building standards differ widely between the countries. Chile's comparative wealth and vast learning led to far better infrastructure and building codes than Haiti is either willing or able to provide its populace. The Altiplano villages atop Chilean mountains are famous for their timelessness. That learning has carried down through generations into the valleys. Port-au-Prince is recognizable for its shanties and substandard building conditions. Under the stress of a quake it is unsurprising that its buildings crumbled.

Lastly, Chile's comparative economic fortune exceeds Haiti due to vastly different government thinking. Since the Bolivar revolution, Chile and Haiti have been on divergent tracks. The divergence became more pronounced in recent decades. Augusto Pinochet led Chile on a conservative track. Overcoming a record of human rights abuse, Pinochet promoted economic freedom professed by Milton Friedman. That freedom sparked decades of growth in Chile relative to its South American peers. Meanwhile, Haiti followed a track influenced by Fidel Castro's Cuba. Oppressive regimes, like that of former dictators Francois Duvalier and his successor son Jean-Claude, confiscated wealth and took Haiti on a destructive path for which its citizens still pay.



A literal interpretation by a Korean business.

By Richard Clemens, CFA, President

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Haiti, Source CIA The World Factbook