

IT AIN'T OVER 'TIL IT'S OVER

WEB BUZZ 2008.06.09

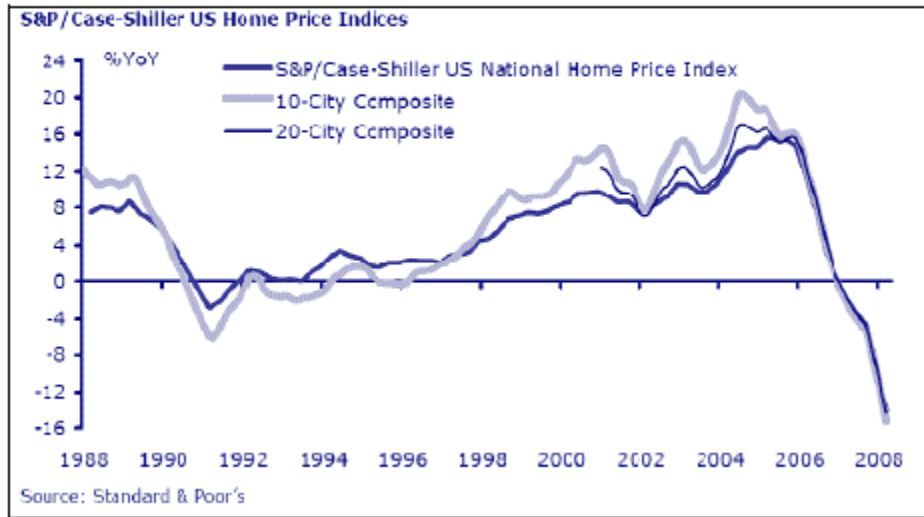
Many of the “best” minds on Wall Street came to believe around the middle of March that the worst is over for the stock market and economy. The Federal Reserve, yet again, had come to the rescue. Happy days were here again! Evidently, many believe that housing is our only problem, and that it is basically over. We ask you, does the latest information we have on market conditions for housing look like it's over? Please note the two charts below.

You see, housing is but the tip of the iceberg. The main fly in the ointment is the consumer. The old song by Johnny Cash, “Sixteen Tons”, has it about right: *Sixteen tons, and what do you get? Another day older and deeper in debt.* The consumer indeed owes his soul to the modern day company store: the banking industry.

A final nail in the coffin for the upward-moving economic growth path is the banking industry, which is under extreme stress. Just as the banks were the willing partners of the consumer on the upside, they will jump ship on the down phase and, to boot, will be very reluctant to place their hand on the hot stove for years to come.

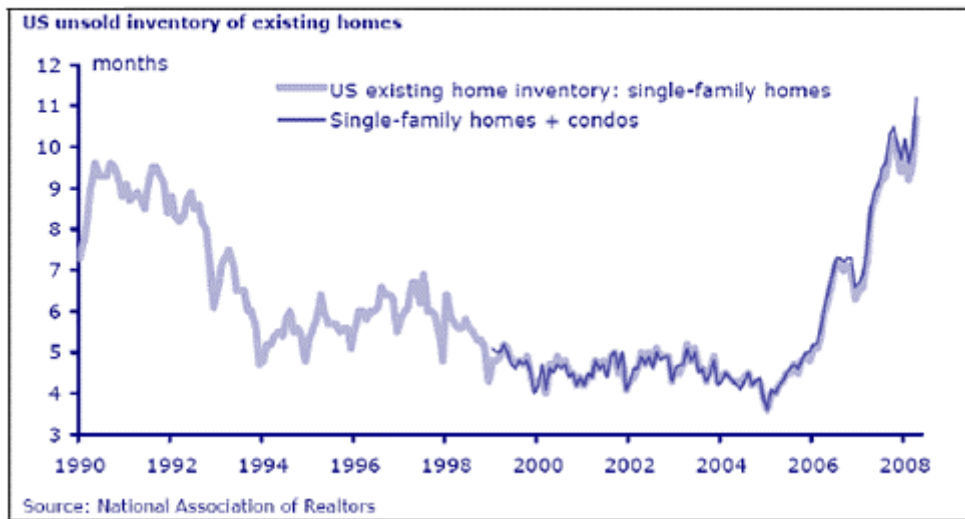
All the above—plus the slowing of Europe and Asia, which will bring to a halt our export boomlet—is yet to come, but will. Try as we may, we see no light at the end of the tunnel. Slow to no—and maybe worse—economic conditions lie ahead.

Graph 4



Adapted from John Mauldin's *Outside the Box* Newsletter June 2, 2008

Graph 3



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