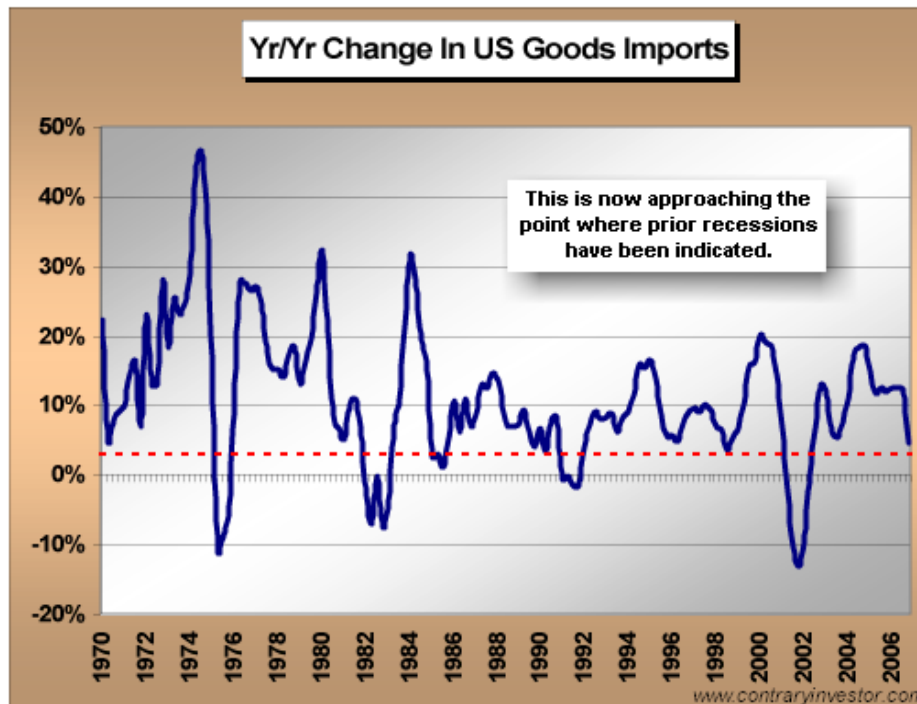
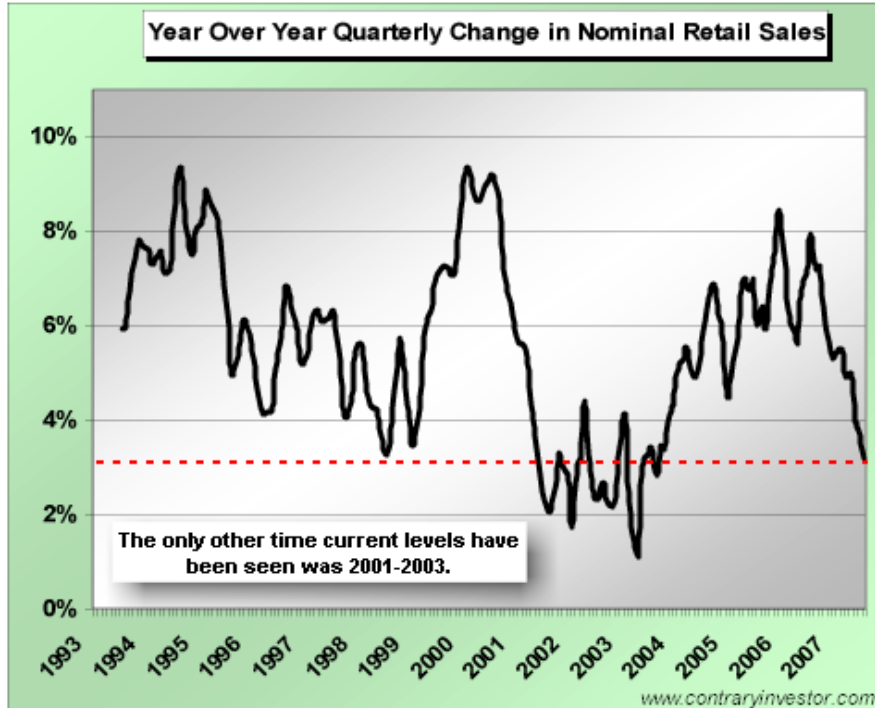


STILL NO RECESSION? 05.07.2007

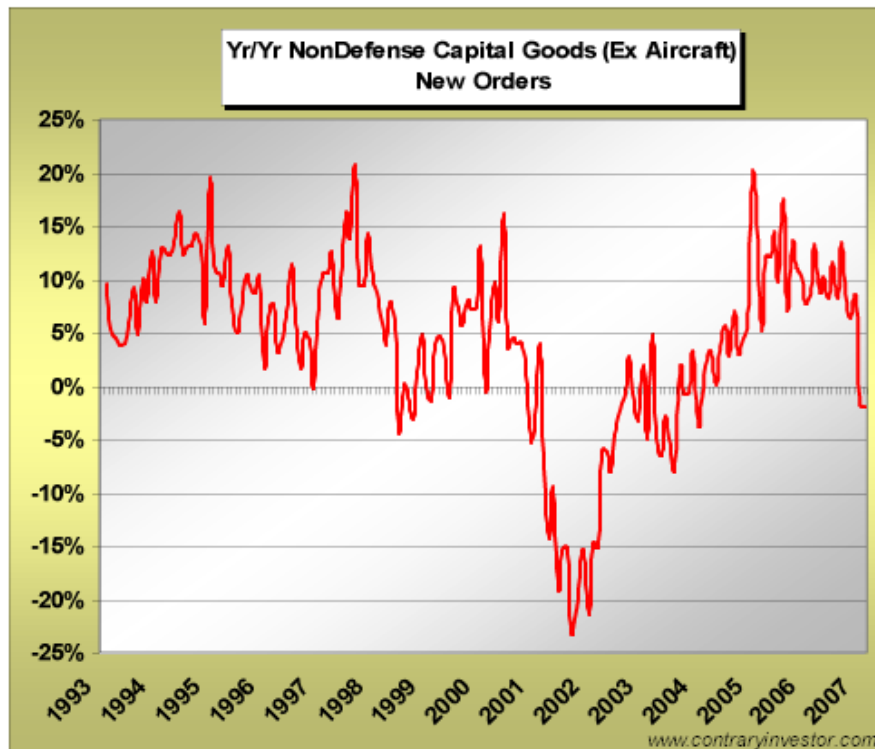
We all know that the housing situation is getting worse every day. We also know that Wall Street says this is not a problem. Why? Because they suggest that it won't affect the rest of the economy. Okay, let's say Wall Street is right. Why, then, are the following charts pointing toward a recession? Maybe it isn't just the housing problem. Maybe it's the overall debt levels, which are coming home to roost. Regardless—and of course housing is a major part of this excessive debt burden—consumers are beginning to feel the pain. Imports are declining, nominal retail sales are declining, and capital spending—the supposed savior of the economy—is experiencing negative year over year new orders. This looks like a recession to us.



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