

## DEPRESSION, DEFLATION AND YOUR SURVIVAL

by Martin D. Weiss, Ph.D.

If you're still skeptical that we're sinking into America's Second Great Depression, you don't have to believe Alan Greenspan, who says we're already experiencing the worst financial crisis in a hundred years. Nor need you heed the news that the economy just lost a half-million more jobs or that retail sales have just suffered their worst plunge in 35 years. All you have to do is get up from your chair, open the door and take a walk outside.

Nearly everything you see and hear will clue you in to the true plight of our time - one out of 10 households delinquent or foreclosed on their mortgage, one out of 10 using food stamps, four out of 10 upside down on their home equity, eight out of 10 fearful of the future, and rightfully so.

What will a depression be like? From the manuscripts and reports Dad [J. Irving Weiss] has left behind, here's his answer:

"Some people of my generation have fond memories of the family fellowship and sacrifice of the Great Depression, and I do too. But I also cannot forget the numbers or the suffering they implied. In just three short years between the peak of the stock market boom in 1929 and the bottom in 1932, it felt like the entire world was falling apart. The financial bubble burst. Big companies failed. America lost 13 million jobs. Unemployment surged to 25%. American industry cut its production nearly in half. Home construction plunged by more than four-fifths.

Deflation - falling prices - drove the value of almost everything into the gutter. Over 5,000 banks failed and ultimately disappeared.

"And yet, despite it all, there was one all-important investment that not only survived, but actually thrived: The United States dollar. Because of deflation, prices fell on virtually everything - commodities, farm land, homes, automobiles, consumer goods, even labor. And because of fear, investors shunned risk, seeking the safety of cash. Result: The dollar's purchasing power and value surged."

Now, here we are once again, witnessing with our own eyes in our own generation how financial bubbles are bursting all around us. We see America's largest companies - Merrill Lynch, General Motors, AIG, Fannie Mae and Citigroup - bankrupt, bailed out or bought out. We have bursting bubbles in housing, commercial real estate, stock markets and commodities. We see busted booms throughout the Americas, Europe and Asia.

Even economies thought to be immune, like China or Australia, are impacted. Even investments said to be safe, like corporate bonds, municipal bonds, certain money markets and large government-sponsored companies, are sinking.

Our leaders themselves are sounding the alarm. Unless they act swiftly, they say, the world as we know it today will fall apart. Thus, to avert what they

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fear could be the ultimate disaster, the governments of the richest countries have embarked on the most expensive financial rescue operations of all time. The U.S. government alone has spent, lent, committed or guaranteed \$7.8 trillion, fourteen times its biggest-ever federal deficit. European governments have jumped in with another \$2 trillion; China, \$586 billion.

They're bailing out bankrupt banks, broken brokerage firms, insolvent insurers and any company they deem essential to the economy. They're pumping resources into mortgage markets, consumer credit markets and stock markets. They're prodding lenders to lend, consumers to consume and investors to invest. They're doing everything in their power to prevent a Second Great Depression.

But will they succeed in this endeavor?

A not-so-long time ago, while Dad and I reviewed the historical charts and data, here's the answer he gave me to a similar question.

"In the 1930s, I was tracking the numbers as they were being released - to figure out what might happen next. I was an analyst and that was my job. That's why I remember them well.

"Years later, economists like Milton Friedman and my young friend Alan Greenspan looked back at those days to decipher what went wrong. They concluded that it was mostly the government's fault, especially the Federal Reserve's. They developed the theory that the next time we're on the brink of a depression, the government has got to step in and nip it in the bud.

"Bah! Those guys weren't there back then. When I first went to Wall Street, Friedman was in junior high and Greenspan was in diapers.

"I saw exactly what the Fed was doing in the 1930s: They did everything in their power to stop the panic. They coddled the banks. They pumped in billions of dollars. But it was no use. They eventually figured out they were just throwing good money after bad.

"The real roots of the 1930s bust were in the 1920s boom. That's when the Fed gave cheap money to the banks like there was no tomorrow. That's why the

banks loaned the money to the brokers, the brokers loaned it to speculators, and the speculation created the stock market bubble. That was the true cause of the Crash and the Depression! Not the government's 'inaction' in the 1930s!

"In 1929, our economy was a house of cards. It didn't matter which cards we propped up or which ones we let fall. We obviously couldn't save them all. So no matter what we did, it was going to come down anyway. The longer we denied that reality and tried to fight it, the worse it was for everyone. The sooner we accepted it, the sooner we could get started on a real recovery."

Today, however, it seems the governments of the world have yet to learn the lesson Dad had learned from real experience. They're still trying to bail out nearly every major institution and market on the planet. Again, the big question: Will they succeed?

The quick answer: Yes, for a while, perhaps. They can kick the can down the road. They can buy time and postpone the day of reckoning. They can stimulate stock market rallies and even flurries of economic recovery. But that's not the same as assuming responsibility for our future. It doesn't resolve the next crisis and the one after that. It does little for you and me; even less for our children or theirs.

The better answer is contained in the white paper Mike Larson and I submitted to the U.S. Congress on September 25: The government bailouts are too little, too late to end the debt crisis; too much, too soon for those who will have to foot the bill.

Even as the government sweeps piles of bad debts under the carpet, mountains of new debts go bad - another flood of mortgages that can't be paid, a new raft of credit cards falling behind, a new line-up of big companies on the verge of bankruptcy.

Even as the government commits new billions to be spent on financial rescues, trillions in wealth are wiped out in sinking real estate, stocks, bonds and commodities.

Even as the government promises prosperity around the corner, we see more factories closing, more jobs lost.

The primary reason is simple and quite obvious: Our society is addicted to debt.

As long as government could keep the credit flowing - and as long as borrowers could get their regular debt fix - everyone continued to spend to their heart's content. But now that credit has stopped flowing, the American economy is sinking rapidly into depression.

### **The Threshold of the Absurd**

We saw the first telltale warning of America's Second Great Depression when a credit crunch hit in full force in August 2007. Banks all over the world announced multibillion losses in subprime (high-risk) mortgages. Investors recoiled in horror. And it looked like the world's financial markets were about to collapse.

They didn't, but only because the U.S. Federal Reserve and European central banks intervened. They injected unprecedented amounts of cash into the world's largest banks; the credit crunch subsided; and everyone breathed a great sigh of relief. But in early 2008, the crunch struck anew - this time in a more virulent and violent form, this time impacting a much wider range of players.

Now, the big question was no longer: Which big Wall Street firm will post the worst losses? It was: Which big firm will be the first to go bankrupt? The answer: Bear Stearns, one of the largest investment banks in the world.

Again, the folks at the Fed intervened. Not only did they finance a giant buyout for Bear Stearns, but for the first time in history, they also decided to lend hundreds of billions to any other major Wall Street firm that needed the money. Again, the crisis subsided temporarily. Again, Wall Street cheered and the authorities won their battle.

But the war continued. Despite all the Fed's special lending operations, another Wall Street firm - almost three times larger than Bear Stearns - was going down. Its name: Lehman Brothers.

Over a single weekend in mid-September 2008, the Fed Chairman, the Treasury Secretary and other high officials huddled at the New York Fed's offices in

downtown Manhattan. They seriously considered bailing out Lehman, but they ran into two serious hurdles: First, Lehman's assets were too sick - so diseased, in fact, even the federal government didn't want to touch them with a ten-foot pole. Second, there was a new sentiment on Wall Street that was previously unheard of. A small, but vocal minority was getting sick and tired of bailouts. "Let them fail," they said. "Teach those bastards a lesson!" was the new rallying cry.

For the Fed Chairman and Treasury Secretary, it was the long-dreaded day of reckoning. It was the fateful moment in history that demanded a life-or-death decision regarding one of the biggest financial institutions in the world - bigger than General Motors, Ford and Chrysler put together. Should they save it? Or should they let it fail? Their decision: To do something they had never done before. They let Lehman fail.

"Here's what you're going to do," was the basic message from the federal authorities to Lehman's highest officials. "Tomorrow morning, you're going to take a trip down to the U.S. Bankruptcy Court at One Bowling Green. You're going to file for Chapter 11. Then you're going to fire your staff. And before the end of the day, you're going to pack up your own boxes and clear out."

It was the financial earthquake that changed the financial world.

Until that day, nearly everyone assumed that giant firms like Lehman were "too big to fail," that the government would always step in to save them. That myth was shattered on the late summer weekend when the U.S. government decided to abandon its long tradition of largesse and let Lehman go under.

All over the world, bank lending froze. Borrowing costs went through the roof. Global stock markets collapsed. Corporate bonds tanked. The entire global banking system seemed like it was coming unglued.

"I guess we goofed!" were, in essence, the words of admission heard at the Fed and Treasury. "Now, instead of just a bailout for Lehman, what we're really going to need is the Mother of All Bailouts - for the entire financial system." The U.S. government immediately complied, delivering precisely what they asked for - a \$700 billion Troubled Asset Relief

Program (TARP), rushed through Congress and signed into law by the president in record time.

In addition, the U.S. government has loaned, invested or committed \$200 billion to nationalize the world's two largest mortgage companies, Fannie Mae and Freddie Mac ... \$25 billion for the Big Three auto manufacturers ... \$29 billion for Bear Stearns, \$150 billion for AIG and \$350 billion for Citigroup ... \$300 billion for the Federal Housing Administration Rescue Bill to refinance bad mortgages ... \$87 billion to pay back JPMorgan Chase for bad Lehman Brothers trades ... \$200 billion in loans to banks under the Fed's Reserve Term Auction Facility (TAF) ... \$50 billion to support short-term corporate IOUs held by money market mutual funds ... \$500 billion to rescue various credit markets ... \$620 billion for industrial nations, including the Bank of Canada, Bank of England, Bank of Japan, National Bank of Denmark, European Central Bank, Bank of Norway, Reserve Bank of Australia, Bank of Sweden and the Swiss National Bank ... \$120 billion in aid for emerging markets, including the central banks of Brazil, Mexico, South Korea and Singapore ... trillions to guarantee the FDIC's new, expanded bank deposit insurance coverage from \$100,000 to \$250,000 ... plus trillions more for other sweeping guarantees.

Grand total: \$7.8 trillion and counting, eleven times more than the hotly debated and widely opposed \$700 billion bailout package passed just 66 days ago. And that excludes a new bailout for Detroit in the works, a new \$500 billion stimulus package expected early next year, plus hundreds of billions for at least 19 states running out of money for unemployment benefits.

Washington says it's all for a good cause - to save the world from depression. But it is obviously reaching a level that's beyond the threshold of the absurd.

Here's why it will fail ...

### **Reason #1: Too Much Debt**

By mid-year 2008, there were \$52 trillion in interest-bearing debts in the United States, including mortgage loans, credit cards, corporate debt, municipal debt and federal debt; the federal government needed about \$50 trillion for Social

Security, Medicare and other commitments kicking in at a quickening pace; and U.S. commercial banks held another \$182.1 trillion in side bets called "derivatives." Grand total in the U.S. alone: \$282 trillion.

The numbers are not directly comparable, but just to give you a sense of the magnitude of the problem, that's 402 times more than the \$700 billion bailout package.

If, along with their big debts, Americans at least had plenty of cash, it would not be such a problem. But, alas, nothing could be further from the truth. Americans have saved less than ever before in history and less than their counterparts in almost every other industrial country on Earth.

### **Reason #2 : Nobody Wants to Pick Up the Tab**

In the rush to spend the trillions of dollars, no one has bothered to seriously consider this simple question: "Who's going to pay for it all? Where are we going to get all that money?"

With the economy already weak, it certainly isn't going to come through higher taxes. And with unemployment and welfare expenses surging, cutting the budget wasn't going to yield very much either. The government had only one choice: To borrow the money.

More big debts!

Sure enough, last month, the U.S. Treasury Department announced that it would have to borrow \$550 billion in the fourth quarter, more than the total budget deficit for the entire year. At the same time, Goldman Sachs estimated that the upcoming borrowing needs of the U.S. Treasury would be a shocking \$2 trillion - to pay for the bailouts, to finance the existing deficit and to refund debts coming due. That was about four times the size of the entire yearly deficit. This meant that, to raise the money, the government will have shove aside consumers, businesses and other borrowers; hog most of the available credit for itself; and then, to add insult injury, bid up interest rates for everyone.... it's the biggest bubble of all.

Some people hoped the government's resources, by

some feat of magic, might be unlimited. But the reality is that there is no free lunch, someone has to raise the money and pick up the tab. And as soon as they try to do that, the pain will strike swiftly - in the form of steeper mortgage rates, higher credit card rates or, worse, virtually no credit at all.

### **Reason #3 : Sinking Confidence**

Like in the 1930s, money alone, no matter how lavishly dished out, cannot restore public confidence. While it may buy some reprieve for large banks, it does little to help thousands of smaller banks. While it helps some percentage of consumers some of the time, it cannot help the majority most of the time. That's why consumer confidence has plunged to the lowest level in recorded history, consumer spending collapsed and Corporate America is responding with huge cutbacks. This story Dad told me about 1930 shows some interesting similarities:

"After the Crash, President Hoover was worried about the sinking U.S. economy. So he called the leaders of major U.S. corporations down to Washington - auto executives from Detroit, steel executives from Pittsburgh, banking executives from New York. He said, in effect:

"Gentlemen, when you go back home to your factories and your offices, here's what I want you to do. I want you to keep all your workers. Don't lay any off! I want you to keep your factories going. Don't shut any down! I want you to invest more, spend more, even borrow more if you have to. Just don't do any cutting. It's for a good cause - so we can keep this economy going."

"That may have sounded like a good idea at first. But then the executives went back to their factories and offices and said to their associates: 'If the president himself had to call us down to Washington to lecture us on how to run our business, then the economy must be in even worse shape than we thought it was.'

"They promptly proceeded to do precisely the opposite of what Hoover had asked: They laid off workers by the thousands. They shut down factories. They slashed spending to the bone. They cut back." Now, history is repeating itself, albeit on a much grander scale with a more ambitious government. As before, each new government bailout is initially

greeted with some enthusiasm on Wall Street. But as the crowd of wannabe bailout candidates swells, and as people recognize the desperation of authorities to satisfy them all, confidence sinks even further.

Washington tries to encourage consumers and businesses to borrow more, spend more and save less, but they do precisely the opposite.

Washington prods bankers to dish out more credit, but the Fed's own surveys show that banks all over the country do precisely the opposite, sharply tightening their lending standards.

Government officials give frequent pep talks to inspire investors to take the risk of investing more, but most investors would prefer to slash their risk - or even their wrists.

In each case, folks realize that it was too much borrowing, too much spending and too much risk-taking that got them into so much trouble in the first place. So they just do what comes naturally: They cut back.

### **Reason #4: The Vicious Cycle of Debt and Deflation**

Debt alone is usually tolerable. People can pile up debts year after year, and as long as borrowers have the income - or as long as they can borrow from Peter to pay Paul - they continue making their payments. Life goes on.

Deflation - falling prices and income - is also not all bad. It makes homes more affordable, college education more achievable, a tank of gas easier to fill.

It's when the debts and deflation come together that the wheels are set into motion down the path to depression. That's what happened in the 1930s; and that's what began to happen this time as well.

In the housing market, Americans abandon their homes or are forced into foreclosure. The foreclosures precipitate distress selling. The distress selling causes price declines. And the price declines, in turn, prompt more people to abandon their homes or let them slide into foreclosure.

On Wall Street, we have a similar cycle: Big

companies and banks run out of capital, cannot pay their debts and go bankrupt. The bankruptcies — and the fear of more to come — drive investors to sell their shares, forcing stock prices lower. With lower stock prices, corporations and banks cannot raise capital, and more go bankrupt.

Consumers, small and medium-sized businesses, city and state governments, hospitals and schools, even entire countries are caught up in a similar downward spiral — slashing their spending, laying off workers, dumping assets, losing revenues, and slashing their spending still more.

These vicious cycles are in full motion and gaining momentum. It's too late for any government to stop them. Now that the speculative bubbles have burst, all the king's men cannot put them back together again.

The government's rescue efforts will fail. America's Second Great Depression will strike swiftly and take no prisoners. You must be ready.

#### **Time to Sell**

The government-inspired rally on Wall Street is your signal. It's now time to sell ALL vulnerable assets that you do not need or you cannot hedge against. That includes ...

- Second homes, rental properties and commercial real estate;
- Common and preferred shares, regardless of your profit or loss;
- Corporate and municipal debt of all maturities, regardless of their rating;
- Long-term Treasury bonds and government-guaranteed bonds (including Ginnie Mae, Fannie Mae and Freddie Mac); and ...
- Collectibles, including art, antiques, rare coins and stamps.

But do not sell the U.S. dollar! Quite the contrary, the U.S. dollar, stashed in short-term Treasury securities, is now your single best safe haven for most of your money.

Due to deflation, the dollar's purchasing power is improving rapidly with each day that passes. Due to a global flight to quality, the dollar's exchange rate is rising sharply against nearly every currency in the world. And due to the massive deflation and capital flight still ahead, this massive bull market in the dollar

is just beginning!

Indeed, for the long-term future of our country, it is the one, outstanding silver lining of this crisis.

#### **Be Bold AND Prudent**

You need not sell your shares indiscriminately regardless of market conditions. Thanks to the government-inspired rally in the stock market, you have a short time window to get out with relatively normal market conditions.

You also need not dump your real estate properties on the market at crazy fire-sale prices. To set your price, just be sure to check prices of actual sales (not bids) that are truly recent (within the last 30 or 60 days) and that are really comparable. Then offer the very best possible discount you can (at least 10%, possibly more) right from the very first day.

But you must not delay. Act boldly and prudently.

If you work with a money manager, before liquidating assets, ask if they have programs specifically designed to hedge and profit in a depression. If not, move your money to one who does. If your realtor or broker is unwilling to help you sell, find one who is. If you find that you or your family are still uncertain, consider Dad's recommendations:

"One of the greatest blunders people made in the 1930s was to blindly assume that prices were already so low, they couldn't possibly go any lower. In reality, the value of their real estate, stocks, commodities and virtually every other asset didn't stop going down at some particular level that appeared to be 'cheap.' Nor did it stop falling just because it matched some historical price that was considered low. The end of the price declines came only when buyers, investors and lenders capitulated; when most of the bad debts were liquidated; and when the powerful vicious cycles were exhausted. Until then, huge losses were still possible and you needed to sell. Only AFTER we saw those climactic conditions was it time to buy or hold."

In America's Second Great Depression, the same will be true, with one key addition: The most aggressive buyer, investor and lender of all is Uncle Sam; the decline cannot truly end until he abandons his efforts

to stop it.  
Good luck and God bless!

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Nick's comment: It's always interesting to get a historical perspective on the unfolding of depressions. It amazes me how governments (and many economists) have failed to learn that the size of the bust is proportional to the size of the bubble which preceded it.... the bigger the bubble, the bigger the bust.... and that there isn't much anybody can do to avert the popping (except, perhaps, to ameliorate the human suffering it causes). Governmental actions, rather, prolong the depression and the misery.... and now we see the Feds (and the governments of other nations) making the *same stupid mistakes* that were made during the 1930s (except, so far, for tariffs on international trade). They thought they had all the answers back in the 1930s, too.

There is one major difference between today and the 1930s, though. Back then, currencies were tied to gold; in the U.S., gold was in circulation, so as the assets deflated, their prices reverted to levels which could be supported by specie. Today, the world runs on rubber currencies tied to nothing but confidence, with printaholics as central bankers. So the dollar (as the world's reserve currency) might be strong in relation to other paper currencies, but not in relation to assets of real value. In other words, I expect an *inflationary* depression as the printaholics work overtime.

As the Japanese experience has demonstrated, even during a decade-long malaise there can be several good (and profitable) rallies, some of them lasting more than a year. Do not be fooled.... as Martin pointed out, until the government stops wasting valuable resources by trying to "help", the bottom still lies in the future.

During these difficult times it is unlikely that you will actually *make* money; it certainly is highly unlikely that I will. The objective here is to avoid getting creamed.... to be able to hang onto what you've already got.... first through the asset deflation, then through the inflation.

## *QUOTES FOR THE MONTH*

*You can understand how fraudulent most economic analysis is just by looking the life of the turkey. The animal is fed for 1000 days...and then it is killed. So, if you plotted out the turkey's life on a chart, it would look great for 1,000 days...each day, the food arrived reliably, and each day, the turkey gained weight. The turkeys would look around and say they were enjoying growth and a bull market. Momentum investors would see it as an opportunity. The quants would run linear regressions on the data and prove that the risk was minimal. Ben Bernanke would describe the turkey's life - with no setbacks - as the product of a "great moderation." Turkey stockbrokers would assure their clients that nothing had ever gone wrong in the turkey's life. Turkey econometricians and theorists would come up with explanations for why the turkeys' growth would continue forever and they'd pat each other on the back for having finally mastered the "turkey cycle." Turkey politicians would run for re-election on the grounds that they had helped create a better world. And turkey economists would project further weight gains...until the turkey was the size of a hippopotamus. Then, come Thanksgiving, and all of a sudden, something goes wrong. Alas, all the turkeys' theories, models, and conceits were for the birds. Rare events can't be modeled. Because they are too rare. You can't get a statistically reliable sample. Alan Greenspan recently explained that he "had never seen anything like this before." Well, of course he had never seen it before. It never happened before. Because these events are so rare, they are also completely unpredictable...and usually much worse than you can expect. Like Thanksgiving Day for the turkey. - Nassim Taleb*

*On Friday November 21 the world came within a hair's breadth of the most colossal financial collapse in history according to bankers on the inside of events with whom we have contact. The trigger was the bank*

which only two years ago was America's largest, Citigroup. The size of the US Government *de facto* nationalization of the \$2 trillion banking institution is an indication of shocks yet to come in other major US and perhaps European banks thought to be 'too big to fail.' The clumsy way in which US Treasury Secretary Henry Paulson, himself not a banker but a Wall Street 'investment banker', whose experience has been in the quite different world of buying and selling stocks or bonds or underwriting and selling same, has handled the unfolding crisis has been worse than incompetent. It has made a grave situation into a globally alarming one. - F. William Engdahl

The Fed and US Treasury announced today a further plan to buy up to \$800 billion of mortgage backed securities. This is in addition to the \$700 billion financial bail-out package announced in September. In just past 3 months, over \$1.5 trillion has been committed to help home owners and solve financial crisis. Let's get this right: Countrywide (now Bank of America) lent Bob \$1 million for a home that's worth \$200,000. The genius AIG comes in and insures this mortgage and collects a premium from Countrywide. Now that Bob can't make the credit card and house payment, troubled American Express gets a \$20 billion help out, AIG gets a \$150 billion bailout from the insurance obligation, and Countrywide gets to sell Bob's non-paying mortgage to the Fed? So what does Bob get from this rescue? Nothing. - John Lee [Portfolio Manager, Mau Capital]

Why in the name of capitalism are taxpayers being fleeced by banks that are being given our money to grow their businesses with the further backstop of more of our money having to be thrown to the FDIC when they fail? Consolidation does not mean that bad loans and illiquid securities are somehow merged out of existence. It means that they are being acquired under the premise that a larger, more consolidated depositor base will better be able to bear the weight of those bad assets. What in heaven's name prevents depositors from exiting when the merged banks continue to experience massive losses and write-downs? The answer to that question would be ... nothing. - R. Shah Gilani [editor, Trigger Event Strategist]

The dollar is going to lose its status as the world's reserve currency. It will be devalued and it will go down a lot. These guys in Washington, they want to debase the currency. - Jim Rogers

You will see an inflationary depression that will be evident by 2010. Maybe I'll be off a few months either way but an inflationary depression is almost guaranteed. Why? The latest batch of elected officials see government intervention as either a moral good or a necessary evil. The most likely policy initiatives that we will see in the coming months will be government controls, increased taxes and extraordinary "money" creation (inflating the money supply). In fact we have (and will) see trillions of new dollars will flood the economy in the coming months. This will probably cause the stock market and some economic indicators to rise and give the illusion of economic health during early 2009. This will cause many commentators to proclaim that we are coming out of the current recession. People will think that government intervention worked. Typically, government intervention only alleviates some of the symptoms in the short-term while postponing the problem(s) toward the long-term.... then we will see a contracting economy (measured by GDP) coupled with rising prices..... The government, in an attempt to revive consumption and job creation will increase the money supply by an order of magnitude never seen before in this country. Seeing the inflation rate soar to 20% and beyond during 2010 (or 2011) is a solid bet. - Paul Mladjenovic

## ***STOCK MARKET OUTLOOK***

As I previously wrote, stocks crashed in October. Then they crashed again in November. Then again in December. Now, 'tis the season to be jolly. A hefty rally is long overdue and has probably now begun. (Think 1930, after the crash of '29.) This rally

should retrace at least half of the decline since October 2007 (Dow over 10000), maybe two-thirds (Dow 12000), before the next ugly leg of the bear gets underway sometime after the spring of 2009.

Subsequently, in future rallies, the stock market averages may reach new *nominal* highs, but in *real* terms it's mostly downhill for the next decade. If you were planning to retire on your investment portfolio,

be careful where you invest. The buy-and-hold-forever conventional wisdom is not likely to work for a good long while.

## ***PORTFOLIO REVIEW***

Prices shown are as of December 8, 2008.

### A. "Inheritance" - real (normalized) "dividend and interest distribution" portfolio:

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
50	Advanced Micro Devices Inc.	[AMD/nyse]	13Nov08			135.95	2.10	105.00
150	Advantage Energy Income Fnd 1.22	[AAV/nyse]	3Jan08			1475.44	4.39	658.50
350	Advantage Energy Income Fnd 1.22	[AAV/nyse]	15Jan08			3327.92	4.39	1,536.50
100	Advantage Energy Income Fnd 1.22	[AAV/nyse]	16Jan08			938.94	4.39	439.00
50	Barclays PLC	[BCS/nyse]	5Nov08			639.45	9.75	487.50
50	Barclays PLC	[BCS/nyse]	12Nov08			547.95	9.75	487.50
50	Barclays PLC	[BCS/nyse]	19Nov08			394.50	9.75	487.50
30	BHP Billiton Ltd. 1.64	[BHP/nyse]	12Nov08			996.45	38.35	1,150.50
20	BHP Billiton Ltd. 1.64	[BHP/nyse]	18Nov08			627.74	38.35	767.00
20	BHP Billiton Ltd. 1.64	[BHP/nyse]	19Nov08			589.19	38.35	767.00
25	Citigroup Inc. .04	[C/nyse]	21Nov08			101.25	8.47	211.75
200	Coeur d'Alène Mines	[CDE/nyse]	23Oct08			140.95	.62	124.00
50	Deswell Industries Inc. .32	[DSWL/otc]	12Nov08			125.95	1.98	99.00
15	EnCana Corp. 1.60	[ECA/nyse]	13Nov08			644.55	44.35	665.25
15	EnCana Corp. 1.60	[ECA/nyse]	20Nov08			527.00	44.35	665.25
200	Enerplus Resources 4.28	[ERF/nyse]	5Jan07			8141.95	19.18	3,836.00
25	Enerplus Resources 4.28	[ERF/nyse]	9Jan07			1012.20	19.18	479.50
55	Enerplus Resources 4.28	[ERF/nyse]	5Dec07			2164.30	19.18	1,054.90
100	Entrée Gold	[EGI/ase]	28Feb07			154.73	.63	63.00
100	Entrée Gold	[EGI/ase]	28Oct08			56.94	.63	63.00
100	Fairpoint Communications Inc. 1.04	[FRP/nyse]	28Oct08			357.73	3.10	310.00
100	Fairpoint Communications Inc. 1.04	[FRP/nyse]	30Oct08			358.73	3.10	310.00
50	Fairpoint Communications Inc. 1.04	[FRP/nyse]	17Nov08			139.45	3.10	155.00

50	Fairpoint Communications Inc.	1.04	[FRP/nyse]	1Dec08			1.22.00	3.10	155.00
100	FelCor Lodging Trust		[FCH/nyse]	12Nov08			198.87	1.87	187.00
100	FelCor Lodging Trust		[FCH/nyse]	18Nov08			115.95	1.87	187.00
50	First Marblehead Corp.		[FMD/nyse]	12Nov08			62.95	1.45	72.50
10	FPL Group	1.64	[FPL/nyse]	9Nov05			419.60	45.82	458.20
50	Freeport-McMoRan Cop&Gold	2.00	[FCX/nyse]	12Nov08			1170.45	20.01	1,000.50
40	Frontier Communications	1.00	[FTR/nyse]	20Jan06			493.19	8.44	337.60
60	Frontier Communications	1.00	[FTR/nyse]	11Feb08			662.14	8.44	506.40
100	FrontierCommunications	1.00	[FTR/nyse]	15Apr08			1012.86	8.44	844.00
50	FrontierCommunications	1.00	[FTR/nyse]	21Nov08			326.00	8.44	422.00
100	Gammon Gold		[GRS/nyse]	22Oct08			414.75	2.75	275.00
50	Gammon Gold		[GRS/nyse]	31Oct08			174.95	2.75	137.50
50	Gammon Gold		[GRS/nyse]	5Dec08			123.00	2.75	137.50
100	Gladstone Captal Corp.	1.68	[GLAD/otc]	14Feb08			1713.94	8.35	835.00
200	Gladstone Captal Corp.	1.68	[GLAD/otc]	3Mar08			3319.94	8.35	1,670.00
100	Gladstone Captal Corp.	1.68	[GLAD/otc]	25Nov08			537.00	8.35	835.00
200	Gladstone Commercial Corp.	.96	[GOOD/otc]	4Mar08			3409.75	10.25	2,050.00
300	Gladstone Investment Corp.	1.50	[GAIN/otc]	4Mar08			3138.92	5.34	1,602.00
100	Gladstone Investment Corp.	1.50	[GAIN/otc]	17Nov08			363.90	5.34	534.00
350	Harvest Energy Trust	3.06	[HTE/nyse]	16Jun08			8801.92	8.39	2,936.50
40	Iowa Telecom	1.62	[IWA/nyse]	18Jan06			652.99	15.88	635.20
60	Iowa Telecom	1.62	[IWA/nyse]	25Jan08			931.54	15.88	952.80
50	Iowa Telecom	1.62	[IWA/nyse]	30Oct08			737.60	15.88	794.00
15	Integrys Energy	2.64	[TEG/nyse]	11Apr06			658.35	43.38	650.70
35	Integrys Energy	2.64	[TEG/nyse]	25Jan08			1686.80	42.39	1,483.65
50	Integrys Energy	2.64	[TEG/nyse]	3Mar08			2293.42	42.39	2,119.50
40	Intel Corp.	.56	[INTC/otc]	13Nov08			544.53	13.94	557.60
30	Intel Corp.	.56	[INTC/otc]	20Nov08			375.80	13.94	418.20
15	L-3 Communications	1.00	[LLL/nyse]	15May03			672.97	69.71	1,045.65
50	Macquarie Infrastructure Co.	.80	[MIC/nyse]	12Nov08			216.92	3.74	187.00
50	Macquarie Infrastructure Co.	.80	[MIC/nyse]	13Nov08			181.95	3.74	187.00

50	Macquarie Infrastructure Co.	.80	[MIC/nyse]	20Nov08			135.47	3.74	187.00
50	Maine & Maritimes Corp.		[MAM/ase]	15May06			717.47	35.50	1,775.00
100	Manas Petroleum Corp.		[MNAP/otc]	26Feb08			214.95	.30	30.00
100	Manas Petroleum Corp.		[MNAP/otc]	12Jun08			119.95	.30	30.00
200	Manas Petroleum Corp.		[MNAP/otc]	8Dec08			60.00	.30	60.00
50	Market Vectors Gold Miners ETF	.12	[GDX/ase]	20Oct08			1486.95	25.26	1,263.00
30	Market Vectors Gold Miners ETF	.12	[GDX/ase]	6Oct08			775.83	25.26	757.80
20	Market Vectors Gold Miners ETF	.12	[GDX/ase]	13Oct08			538.95	25.26	505.20
25	Market Vectors Gold Miners ETF	.12	[GDX/ase]	31Oct08			545.20	25.26	631.50
100	Medical Properties Trust Inc.	1.08	[MPW/nyse]	23Oct08			681.73	6.50	650.00
50	Medical Properties Trust Inc.	1.08	[MPW/nyse]	21Nov08			193.00	6.50	325.00
25	Microsoft Corp.	.52	[MSFT/otc]	13Nov08			506.20	21.01	525.25
25	Microsoft Corp.	.52	[MSFT/otc]	20Nov08			452.25	21.01	525.25
50	Newmont Mining	.40	[NEM/nyse]	25May07			1989.95	31.38	1,569.00
10	Newmont Mining	.40	[NEM/nyse]	20Mar08			469.34	31.38	313.80
20	Newmont Mining	.40	[NEM/nyse]	24Oct08			445.95	31.38	627.60
200	NGP Capital Resources Co.	2.06	[NGPC/otc]	3Mar08			3291.93	8.98	1,796.00
100	Nicor Inc.	1.86	[GAS/nyse]	3Mar08			3409.86	39.29	3,929.00
150	Penn West Energy Trust	3.47	[PWE/nyse]	10Oct07			4724.30	15.74	2,361.00
150	Penn West Energy Trust	3.47	[PWE/nyse]	5Dec07			3959.44	15.74	2,361.00
25	Peoples United Bancorp CT	.60	[PBCT/otc]	19Nov08			435.50	18.20	455.00
200	PNM Resources Inc.	.92	[PNM/nyse]	7Mar08			1885.93	8.69	1,738.00
200	Precision Drilling Trust	1.37	[PDS/nyse]	11Jan07			4565.95	6.97	1,394.00
200	Precision Drilling Trust	1.37	[PDS/nyse]	15Oct08			1790.95	6.97	1,394.00
50	Progress Energy Inc	2.46	[PGN/nyse]	17Mar08			2036.95	39.68	1,984.00
50	Proshares Ultra Financials	.40	[UYG/nyse]	28Oct08			390.95	6.86	343.00
50	Proshares Ultra Financials	.40	[UYG/nyse]	6Nov08			419.45	6.86	343.00
50	Proshares Ultra Financials	.40	[UYG/nyse]	12Nov08			356.95	6.86	343.00
50	Proshares Ultra Financials	.40	[UYG/nyse]	13Nov08			326.45	6.86	343.00
50	Proshares Ultra Financials	.40	[UYG/nyse]	18Nov08			286.45	6.86	343.00
50	Proshares Ultra Financials	.40	[UYG/nyse]	19Nov08			261.50	6.86	343.00

100	Proshares Ultra Financials	.40	[UYG/nyse]	20Nov08			384.00	6.86	686.00
50	Proshares Ultra Financials	.40	[UYG/nyse]	21Nov08			176.50	6.86	343.00
500	Provident Energy Trust	1.22	[PVX/nyse]	26Mar07			5534.95	4.07	2,035.00
350	Provident Energy Trust	1.22	[PVX/nyse]	8Aug07			3831.95	4.07	1,424.50
20	R.R. Donnelley & Sons	1.04	[RRD/nyse]	5Dec08			244.39	12.59	190.60
200	Rubicon Minerals Corp.		[RBY/ase]	4Jun08			269.33	.76	152.00
100	Rubicon Minerals Corp.		[RBY/ase]	13Oct08			124.94	.76	76.00
100	Southwest Water Co.	.24	[SWWC/otc]	6Jun08			1051.94	3.72	372.00
50	Southwest Water Co.	.24	[SWWC/otc]	14Nov08			221.45	3.72	186.00
50	Southwest Water Co.	.24	[SWWC/otc]	1Dec08			196.00	3.72	186.00
50	Southwest Water Co.	.2	[SWWC/otc]	8Dec08			196.50	3.72	186.00
30	Teekay Corp.	1.26	[TK/nyse]	6Nov08			507.45	15.71	471.30
45	Teekay Corp.	1.26	[TK/nyse]	14Nov08			680.10	15.71	706.95
400	Tortoise Capital Resources		[TTO/nyse]	10Oct08			2270.95	4.87	1,948.00
100	Tortoise North American Enrgy	1.48	[TYN/nyse]	10Oct08			895.95	9.53	953.00
150	Tortoise North American Enrgy	1.48	[TYN/nyse]	15Oct08			1638.45	9.53	1,429.50
100	US Gold Corporation		[UXG/ase]	17Dec07			306.94	.79	79.00
100	US Gold Corporation		[UXG/ase]	20Mar08			250.94	.79	79.00
100	US Gold Corporation		[UXG/ase]	9Jun08			213.94	.79	79.00
25	Vimpel Communications	.47	[VIP/nyse]	12Nov08			257.20	9.28	232.00
50	Vimpel Communications	.47	[VIP/nyse]	19Nov08			413.00	9.28	464.00
40	Windstream	1.00	[WIN/nyse]	20Jan06			476.79	8.81	352.40
60	Windstream	1.00	[WIN/nyse]	25Jan08			673.54	8.81	528.60
50	Windstream	1.00	[WIN/nyse]	30Oct08			353.92	8.81	440.50
100	Crosstex Energy Inc.	1.28	[XTXI/otc]	13Nov08			526.40	2.99	299.00
100	Crosstex Energy Inc.	1.28	[XTXI/otc]	19Nov08			364.00	2.99	299.00
50	Crosstex Energy Inc.	1.28	[XTXI/otc]	5Dec08			153.00	2.99	149.50
	CASH						5288.22		5,288.22
	<b>Totals</b>						123,991.92		88,018.12

## SUMMARY - "Inheritance":

Original cost:

\$100,000.00 (normalized)

Present value: \$ 88,018.12 (see below)  
 Increase/decrease: \$-11,981.88 [-11.98%]

COMMENT on "Inheritance": As the bear market grinds on, I have added to my positions in Barclays, BHP Billiton (which has recovered since it abandoned its bid for Rio Tinto), Encana, Fairpoint, Felcor, Frontier, Gammon Gold, Gladstone Capital, Gladstone Commercial, Intel, Macquarie, Manas, Medical Properties, Microsoft, Proshares Ultra Financials, Southwest Water, Vimpel, and Crosstex; and I added new positions in Peoples United and in printer R.R. Donnelley & Sons. The exceedingly low prices of some of these stocks would seem to indicate that they are candidates for bankruptcy. But, barring an instant depression, they won't *all* go bankrupt. Dividend cuts are likely, though.

Also new to the portfolio this month are 25 shares of Citigroup. Now I happen to think that Citigroup is, in fact, insolvent (as is the U.S. banking system in its entirety). But it is also "too big to fail" (or is that "too big to save"?), and my humble 25 shares were

purchased just before the Feds announced their rescue.... which is to say, de facto nationalization.... of Citigroup. Hey, I figured, for 100 bucks, why not go along for the ride and see what happens?

You might also notice that I have been "averaging down" in the Proshares Ultra Financials, and you might wonder if this is a wise strategy. I would say yes, because I am taking advantage of "survivor bias". As the walking dead, such as Citicorp and Bank of America, plummet toward their true value of \$0, they have less weight, and thus less impact, in the Ultra portfolio, so that what's left are the financial survivors, which will recover smartly when the massacre in financials finally ends. As long as the derivatives used in the portfolio don't freeze up, that is.

The portfolio cost (normalized) is \$123,991.92 with \$5,288.22 currently in cash.

#### B. "Professors' Investment Group (PIG)" - investment club portfolio.

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
50	Barrick Gold	{ABX/nyse}	14Nov96			1466.01	27.25	1,362.50
100	Frontier Communications	[FTR/nyse]	20Jan06			1249.95	8.44	844.00
150	Evergreen Solar	[ESLR/otc]	4Feb05			774.68	2.65	397.50
200	GTC Biotherapeutics	[GTCB/otc]	7May04			408.55	..138	27.60
1000	GTC Biotherapeutics	[GTCB/otc]	7Jun06			1659.95	..138	138.00
100	Nokia OYJ ADR	[NOK/nyse]	14Jun01			2233.00	14.34	1,434.00
599.4	Prudent Bear Fund (599.402sh)	[BEARX]	10Oct02			3500.00	6.91	4,141.87
194	Prudent Bear Fund (193.961sh)	[BEARX]	5Dec07			1000.00	6.91	1,340.27
379.1	Prudent Global Income (379.082sh)	[PSAFX]	17Apr03			3200.00	11.23	4,257.09
	CASH & money market					5504.68		5,504.68
	<b>Totals</b>					20,996.82		19,447.51

#### SUMMARY - "PIG":

Original cost: \$10,699.00  
 Present value: \$19,447.51  
 Increase: \$ 8,748.51 [+81.77%]

COMMENT on "PIG": There is no change from the last issue.

C. Roth IRAs - real portfolio:

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
2	T-notes (various maturities)	-	various			1941.94	109.817	2,196.34
215	Harvest Energy Trust	3.06 [HTE/nyse]	2007&8			5655.93	8.39	1,803.85
91	Marshall & Ilsley	1.28 [MI/nyse]	2008			1639.18	13.11	1,193.01
379	Penn West Energy Trust	3.47 [PWE/nyse]	2006			11716.10	10.98	4,161.42
330	Precision Drilling Trust	1.33 [PDS/nyse]	2007,8			5628.57	6.97	2,300.10
290	Prospect Capital Corp.	1.57 [PSEC/otc]	2007			5113.00	11.02	3,195.80
435	Tortoise Capital Resources	.72 [TTO/nyse]	2007			5509.50	4.87	2,118.45
	CASH (CD & Fidelity money market)	[FDRXX}				5870.35		5,870.35
<b>Totals</b>						43,074.57		22,839.32

SUMMARY - Roth IRAs:

Original cost: \$ 30,466.19  
 Present value: \$ 22,839.32  
 Increase/decrease: \$ -7,626.87 [-25.03%]

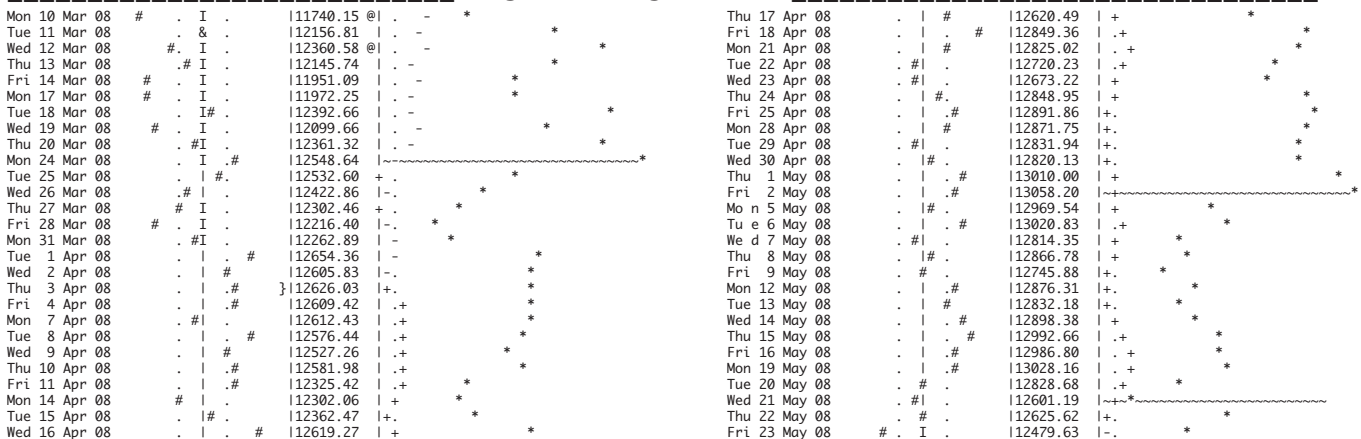
COMMENT on Roth IRAs: Dividends were reinvested in Precision Drilling; otherwise there is no change.

D. TIAA/CREF 403(b) and (non-Roth) IRA retirement plans: My TIAA-CREF is still in a state of flux. After this all settles down, the numbers that used to appear here will return.

TIAA-CREF values, 8Dec2008: stock, 154.85; equity-index, 62.09; MM, 25.49; bond, 83.21; inflation-indexed bond, 49.55; real estate, 287.98.

Comment on NYSE "Timer's Trend": We are currently on a SELL signal of September 4, 2008.

NYSE TIMER'S TREND



Tue 27 May 08	. # .	12548.35	-	*
Wed 28 May 08	. # .	12594.03	-	*
Thu 29 May 08	. #  #.	12646.22	-	*
Fri 30 May 08	. #  #.	12638.32	-	*
Mon 2 Jun 08	. #  .	12503.82	+	*
Tue 3 Jun 08	. # &.	12402.85	+	*
Wed 4 Jun 08	. #  .	12390.48	+	*
Thu 5 Jun 08	. #  .	12604.45	+	*
Fri 6 Jun 08	. #  .	12209.81	-	*
Mon 9 Jun 08	. #  .	12280.32	-	*
Tue 10 Jun 08	. #  .	12289.76	-	*
Wed 11 Jun 08	. #  .	12083.77	-	*
Thu 12 Jun 08	. #  .	12141.58	-	*
Fri 13 Jun 08	. # &.	12307.35	-	*
Mon 16 Jun 08	. #  #.	12269.08	-	*
Tue 17 Jun 08	. #  #.	12160.30	-	*
Wed 18 Jun 08	. #  .	12029.06	-	*
Thu 19 Jun 08	. #  #.	12063.09	-	*
Fri 20 Jun 08	. #  .	11842.69	-	*
Mon 23 Jun 08	. #  .	11842.36	-	*
Tue 24 Jun 08	. #  .	11807.43	-	*
Wed 25 Jun 08	. #  #.	11811.83	-	*
Thu 26 Jun 08	. #  .	11453.42	-	*
Fri 27 Jun 08	. #  .	11346.51	-	*
Mon 30 Jun 08	. #  .	11350.01	-	*
Tue 1 Jul 08	. #  .	11382.26	-	*
Wed 2 Jul 08	. #  .	12125.51	-	*
Thu 3 Jul 08	. #  .	11288.54	-	*
Mon 7 Jul 08	. #  .	11231.96	-	*
Tue 8 Jul 08	. #  .	11384.21	-	*
Wed 9 Jul 08	. #  .	11147.44	-	*
Thu 10 Jul 08	. #  .	11229.02	-	*
Fri 11 Jul 08	. #  .	11100.54	-	*
Mon 14 Jul 08	. #  .	11055.19	-	*
Tue 15 Jul 08	. #  .	11962.54	-	*
Wed 16 Jul 08	. #  .	11239.28	-	*
Thu 17 Jul 08	. # &.	11446.66	-	*
Fri 18 Jul 08	. #  .	11496.57	-	*
Mon 21 Jul 08	. #  .	11467.34	-	*
Tue 22 Jul 08	. #  #.	11602.50	-	*
Wed 23 Jul 08	. #  #.	11632.38	-	*
Thu 24 Jul 08	. #  .	11349.28	-	*
Fri 25 Jul 08	. #  .	11370.69	-	*
Mon 28 Jul 08	. #  .	11131.08	-	*
Tue 29 Jul 08	. # &.	11397.56	-	*
Wed 30 Jul 08	. #  #.	11583.69	-	*
Thu 31 Jul 08	. #  .	11378.02	-	*
Fri 1 Aug 08	. #  .	11326.32	-	*
Mon 4 Aug 08	. #  .	11284.15	-	*
Tue 5 Aug 08	. #  #.	11615.77	-	*
Wed 6 Aug 08	. #  .	11656.07	-	*
Thu 7 Aug 08	. #  .	11431.43	-	*
Fri 8 Aug 08	. #  #.	11734.32	-	*
Mon 11 Aug 08	. #  #.	11782.35	-	*
Tue 12 Aug 08	. #  .	11642.47	-	*
Wed 13 Aug 08	. #  .	11532.96	-	*
Thu 14 Aug 08	. #  .	11615.93	-	*
Fri 15 Aug 08	. #  .	11659.90	-	*
Mon 18 Aug 08	. #  .	11479.39	-	*
Tue 19 Aug 08	. #  .	11348.55	-	*
Wed 20 Aug 08	. #  .	11417.43	-	*
Thu 21 Aug 08	. #  .	11430.21	-	*
Fri 22 Aug 08	. # &.	11628.06	-	*
Mon 25 Aug 08	. #  .	11386.25	-	*
Tue 26 Aug 08	. #  .	11412.87	-	*
Wed 27 Aug 08	. #  .	11502.51	-	*
Thu 28 Aug 08	. #  #.	11715.18	-	*
Fri 29 Aug 08	. #  .	11543.55	-	*
Tue 2 Sep 08	. #  .	11516.92	-	*
Wed 3 Sep 08	. #  .	11532.88	-	*
Thu 4 Sep 08	. #  .	11188.23	-	*
Fri 5 Sep 08	. #  .	11220.96	-	*
Mon 8 Sep 08	. #  #.	11510.74	-	*
Tue 9 Sep 08	. #  .	11230.73	-	*
Wed 10 Sep 08	. #  .	11268.92	-	*
Thu 11 Sep 08	. #  .	11433.71	-	*
Fri 12 Sep 08	. #  .	11421.99	-	*
Mon 15 Sep 08	. #  .	10917.51	-	*
Tue 16 Sep 08	. #  .	11059.02	-	*
Wed 17 Sep 08	. #  .	10609.66	-	*
Thu 18 Sep 08	. #  .	11019.69	-	*
Fri 19 Sep 08	. #  .	11388.44	-	*
Mon 22 Sep 08	. #  .	11015.69	-	*
Tue 23 Sep 08	. #  .	10854.17	-	*
Wed 24 Sep 08	. #  .	10825.17	-	*
Thu 25 Sep 08	. #  .	11022.06	-	*
Fri 26 Sep 08	. #  .	11143.13	-	*
Mon 29 Sep 08	. #  .	10365.45	-	*
Tue 30 Sep 08	. # &.	10850.66	-	*
Wed 1 Oct 08	. #  .	10831.07	-	*
Thu 2 Oct 08	. # &.	10482.85	-	*
Fri 3 Oct 08	. #  .	10325.38	-	*
Mon 6 Oct 08	. #  .	9955.50	-	*
Tue 7 Oct 08	. #  .	9447.11	-	*
Wed 8 Oct 08	. #  .	9258.10	-	*
Thu 9 Oct 08	. #  .	8579.19	-	*
Fri 10 Oct 08	. #  .	8451.19	-	*
Mon 13 Oct 08	. # &.	9387.61	-	*
Tue 14 Oct 08	. #  .	9310.99	-	*
Wed 15 Oct 08	. #  .	8577.91	-	*
Thu 16 Oct 08	. #  .	8979.26	-	*
Fri 17 Oct 08	. #  .	8852.22	-	*
Mon 20 Oct 08	. #  #.	9265.43	-	*
Tue 21 Oct 08	. #  .	9033.66	-	*
Wed 22 Oct 08	. #  .	8519.21	-	*
Thu 23 Oct 08	. #  .	8691.25	-	*
Fri 24 Oct 08	. #  .	8378.96	-	*
Mon 27 Oct 08	. #  .	8175.77	-	*
Tue 28 Oct 08	. # &.	9065.12	-	*
Wed 29 Oct 08	. #  .	8990.96	-	*
Thu 30 Oct 08	. #  #.	9180.69	-	*
Fri 31 Oct 08	. #  .	9325.01	-	*
Mon 3 Nov 08	. #  #.	9319.18	-	*
Tue 4 Nov 08	. #  #.	9625.28	-	*
Wed 5 Nov 08	. #  .	9139.27	-	*
Thu 6 Nov 08	. #  .	8695.79	-	*
Fri 7 Nov 08	. #  #.	8943.81	-	*
Mon 10 Nov 08	. #  .	8870.54	-	*
Tue 11 Nov 08	. #  .	8693.96	-	*
Wed 12 Nov 08	. #  .	8282.66	-	*
Thu 13 Nov 08	. # &.	8835.25	-	*
Fri 14 Nov 08	. #  .	8497.31	-	*
Mon 17 Nov 08	. #  .	8273.58	-	*
Tue 18 Nov 08	. #  .	8424.75	-	*
Wed 19 Nov 08	. #  .	7997.28	-	*
Thu 20 Nov 08	. #  .	7552.29	-	*
Fri 21 Nov 08	. #  .	8046.42	-	*
Mon 24 Nov 08	. # &.	8443.39	-	*
Tue 25 Nov 08	. #  .	8479.47	-	*
Wed 26 Nov 08	. #  #.	8726.61	-	*
Fri 28 Nov 08	. #  .	8829.04	-	*
Mon 1 Dec 08	. #  .	8149.09	-	*
Tue 2 Dec 08	. #  #.	8419.09	-	*
Wed 3 Dec 08	. #  .	8591.69	-	*
Thu 4 Dec 08	. #  .	8376.24	-	*
Fri 5 Dec 08	. #  #.	8635.42	-	*
Mon 8 Dec 08	. #  #.	8934.14	-	*

Comment on NASDAQ "Timer's Trend": We're on a SELL signal of September 4, 2008.

NASDAQ TIMER'S TREND

Mon 10 Mar 08	. #  .	2169.34	-	*
Tue 11 Mar 08	. #  #.	2255.76	-	*
Wed 12 Mar 08	. #  .	2243.87	-	*
Thu 13 Mar 08	. #  .	2263.61	-	*
Fri 14 Mar 08	. #  .	2212.49	-	*
Mon 17 Mar 08	. #  .	2177.01	-	*
Tue 18 Mar 08	. # &.	2268.26	-	*
Wed 19 Mar 08	. #  .	2209.96	-	*
Thu 20 Mar 08	. #  #.	2258.11	-	*
Mon 24 Mar 08	. #  #.	2326.75	-	*
Tue 25 Mar 08	. #  .	2341.05	-	*
Wed 26 Mar 08	. #  .	2324.36	-	*
Thu 27 Mar 08	. #  .	2280.83	-	*
Fri 28 Mar 08	. #  .	2261.18	-	*
Mon 31 Mar 08	. #  .	2279.10	-	*
Tue 1 Apr 08	. #  #.	2362.75	-	*
Wed 2 Apr 08	. #  .	2361.40	-	*
Thu 3 Apr 08	. #  .	2363.30	-	*
Fri 4 Apr 08	. #  #.	2370.98	-	*
Mon 7 Apr 08	. #  .	2279.10	-	*
Tue 8 Apr 08	. #  #.	2362.75	-	*
Wed 9 Apr 08	. #  .	2361.40	-	*
Thu 10 Apr 08	. #  .	2363.30	-	*
Fri 11 Apr 08	. #  #.	2370.98	-	*
Mon 14 Apr 08	. #  .	2275.82	-	*
Tue 15 Apr 08	. #  .	2286.04	-	*
Wed 16 Apr 08	. #  #.	2350.11	-	*
Thu 17 Apr 08	. #  .	2341.83	-	*
Fri 18 Apr 08	. #  #.	2402.97	-	*
Mon 21 Apr 08	. #  .	2408.04	-	*
Tue 22 Apr 08	. #  .	2376.94	-	*
Wed 23 Apr 08	. #  .	2405.21	-	*
Thu 24 Apr 08	. #  .	2428.92	-	*
Fri 25 Apr 08	. #  .	2422.93	-	*
Mon 28 Apr 08	. #  .	2424.40	-	*
Tue 29 Apr 08	. #  .	2426.10	-	*
Wed 30 Apr 08	. #  .	2426.10	-	*
Thu 1 May 08	. #  #.	2480.71	-	*
Fri 2 May 08	. #  .	2476.99	-	*
Mon 5 May 08	. #  .	2464.12	-	*
Tue 6 May 08	. #  #.	2483.31	-	*
Wed 7 May 08	. #  .	2438.49	-	*
Thu 8 May 08	. #  .	2451.24	-	*
Fri 9 May 08	. #  .	2445.52	-	*
Mon 12 May 08	. #  #.	2488.49	-	*

Tue 13 May 08	.  # .	2495.12	-	*
Wed 14 May 08	.  # .	2496.70	-	*
Thu 15 May 08	.  # .	2533.73	+	*
Fri 16 May 08	. # .	2528.85	+	*
Mon 19 May 08	. #   .	2516.09	+	*
Tue 20 May 08	. #   .	2492.26	-	*
Wed 21 May 08	. #   .	{ 2448.27	-	*
Thu 22 May 08	. #   .	{ 2464.58	-	*
Fri 23 May 08	. #   .	2444.67	-	*
Tue 27 May 08	. #   .	2481.24	-	*
Wed 28 May 08	. #   .	2486.70	-	*
Thu 29 May 08	. #   .	2508.32	-	*
Fri 30 May 08	. #   .	} 2522.66	-	*
Mon 2 Jun 08	. #   .	{ 2491.53	-	*
Tue 3 Jun 08	. #   .	2480.48	-	*
Wed 4 Jun 08	. #   .	2503.14	-	*
Thu 5 Jun 08	. #   .	} 2549.94	-	*
Fri 6 Jun 08	. #   .	{ 2474.56	-	*
Mon 9 Jun 08	. #   .	2459.46	-	*
Tue 10 Jun 08	. #   .	2448.94	-	*
Wed 11 Jun 08	. #   .	2394.01	-	*
Thu 12 Jun 08	. #   .	2404.35	-	*
Fri 13 Jun 08	. #   .	@ 2454.50	-	*
Mon 16 Jun 08	. #   .	2474.78	-	*
Tue 17 Jun 08	. #   .	2457.78	-	*
Wed 18 Jun 08	. #   .	2429.71	-	*
Thu 19 Jun 08	. #   .	2462.00	-	*
Fri 20 Jun 08	. #   .	2406.09	-	*
Mon 23 Jun 08	. #   .	@ 2385.74	-	*
Tue 24 Jun 08	. #   .	@ 2368.28	-	*
Wed 25 Jun 08	. #   .	2401.26	-	*
Thu 26 Jun 08	. #   .	2321.37	-	*
Fri 27 Jun 08	. #   .	2315.63	-	*
Mon 30 Jun 08	. #   .	@ 2292.98	-	*
Tue 1 Jul 08	. #   .	@ 2304.97	-	*
Wed 2 Jul 08	. #   .	@ 2251.46	-	*
Thu 3 Jul 08	. #   .	@ 2245.38	-	*
Mon 7 Jul 08	. #   .	@ 2243.32	-	*
Tue 8 Jul 08	. #   .	2294.44	-	*
Wed 9 Jul 08	. #   .	@ 2234.89	-	*
Thu 10 Jul 08	. #   .	2278.85	-	*
Fri 11 Jul 08	. #   .	2239.08	-	*
Mon 14 Jul 08	. #   .	@ 2212.87	-	*
Tue 15 Jul 08	. #   .	@ 2215.71	-	*
Wed 16 Jul 08	. #   .	2284.85	-	*
Thu 17 Jul 08	. #   .	2312.30	-	*
Fri 18 Jul 08	. #   .	2282.78	-	*
Mon 21 Jul 08	. #   .	2279.53	-	*
Tue 22 Jul 08	. #   .	2303.96	-	*
Wed 23 Jul 08	. #   .	2325.88	-	*
Thu 24 Jul 08	. #   .	2280.11	-	*
Fri 25 Jul 08	. #   .	2310.53	-	*
Mon 28 Jul 08	. #   .	2264.22	-	*
Tue 29 Jul 08	. #   .	2319.62	-	*
Wed 30 Jul 08	. #   .	2329.72	-	*
Thu 31 Jul 08	. #   .	2325.55	-	*
Fri 1 Aug 08	. #   .	2310.96	-	*
Mon 4 Aug 08	. #   .	2285.56	-	*
Tue 5 Aug 08	. #   .	2349.83	-	*
Wed 6 Aug 08	. #   .	2378.37	-	*
Thu 7 Aug 08	. #   .	2355.73	-	*
Fri 8 Aug 08	. #   .	2414.10	-	*
Mon 11 Aug 08	. #   .	} 2439.95	-	*
Tue 12 Aug 08	. #   .	2430.61	-	*
Wed 13 Aug 08	. #   .	2428.62	-	*
Thu 14 Aug 08	. #   .	2453.67	-	*
Fri 15 Aug 08	. #   .	2452.52	-	*
Mon 18 Aug 08	. #   .	2416.98	-	*
Tue 19 Aug 08	. #   .	{ 2384.38	-	*
Wed 20 Aug 08	. #   .	2389.08	-	*
Thu 21 Aug 08	. #   .	2380.38	-	*
Fri 22 Aug 08	. #   .	2414.71	-	*
Mon 25 Aug 08	. #   .	2365.59	-	*
Tue 26 Aug 08	. #   .	2361.97	-	*
Wed 27 Aug 08	. #   .	2382.46	-	*
Thu 28 Aug 08	. #   .	2411.64	-	*
Fri 29 Aug 08	. #   .	[ 2367.52	-	*
Mon 2 Sep 08	. #   .	2349.24	-	*
Tue 3 Sep 08	. #   .	2333.73	-	*
Wed 4 Sep 08	. #   .	{ 2259.04	-	*
Fri 5 Sep 08	. #   .	2255.88	-	*
Mon 8 Sep 08	. #   .	2269.76	-	*
Tue 9 Sep 08	. #   .	2289.81	-	*
Wed 10 Sep 08	. #   .	2228.70	-	*
Thu 11 Sep 08	. #   .	2258.22	-	*
Fri 12 Sep 08	. #   .	2261.27	-	*
Mon 15 Sep 08	. #   .	2179.21	-	*
Tue 16 Sep 08	. #   .	2267.90	-	*
Wed 17 Sep 08	. #   .	2098.85	-	*
Thu 18 Sep 08	. #   .	2199.10	-	*
Fri 19 Sep 08	. #   .	2273.90	-	*
Mon 22 Sep 08	. #   .	2178.98	-	*
Tue 23 Sep 08	. #   .	2153.38	-	*
Wed 24 Sep 08	. #   .	2155.68	-	*
Thu 25 Sep 08	. #   .	2186.57	-	*
Fri 26 Sep 08	. #   .	2183.34	-	*
Mon 29 Sep 08	. #   .	1983.73	-	*
Tue 30 Sep 08	. #   .	2091.88	-	*
Wed 1 Oct 08	. #   .	2068.40	-	*
Thu 2 Oct 08	. #   .	1976.72	-	*
Fri 3 Oct 08	. #   .	1947.39	-	*
Mon 6 Oct 08	. #   .	1862.96	-	*
Tue 7 Oct 08	. #   .	1754.88	-	*
Wed 8 Oct 08	. #   .	@ 1740.33	-	*
Thu 9 Oct 08	. #   .	1645.12	-	*
Fri 10 Oct 08	. #   .	@ 1649.55	-	*
Mon 13 Oct 08	. #   .	1844.25	-	*
Tue 14 Oct 08	. #   .	1779.01	-	*
Wed 15 Oct 08	. #   .	1779.01	-	*
Thu 16 Oct 08	. #   .	@ 1628.33	-	*
Fri 17 Oct 08	. #   .	1717.71	-	*
Mon 20 Oct 08	. #   .	1711.29	-	*
Tue 21 Oct 08	. #   .	1770.03	-	*
Wed 22 Oct 08	. #   .	1696.68	-	*
Thu 23 Oct 08	. #   .	1615.75	-	*
Fri 24 Oct 08	. #   .	1603.91	-	*
Mon 27 Oct 08	. #   .	1552.03	-	*
Tue 28 Oct 08	. #   .	1505.90	-	*
Wed 29 Oct 08	. #   .	1649.47	-	*
Thu 30 Oct 08	. #   .	1657.27	-	*
Fri 31 Oct 08	. #   .	1698.52	-	*
Mon 3 Nov 08	. #   .	1720.95	-	*
Tue 4 Nov 08	. #   .	1726.33	-	*
Wed 5 Nov 08	. #   .	1780.12	-	*
Thu 6 Nov 08	. #   .	1681.64	-	*
Fri 7 Nov 08	. #   .	1608.70	-	*
Mon 10 Nov 08	. #   .	1616.74	-	*
Tue 11 Nov 08	. #   .	1580.90	-	*
Wed 12 Nov 08	. #   .	1499.21	-	*
Thu 13 Nov 08	. #   .	1596.70	-	*
Fri 14 Nov 08	. #   .	1516.85	-	*
Mon 17 Nov 08	. #   .	1482.05	-	*
Tue 18 Nov 08	. #   .	1483.27	-	*
Wed 19 Nov 08	. #   .	1386.42	-	*
Thu 20 Nov 08	. #   .	1316.12	-	*
Fri 21 Nov 08	. #   .	1384.35	-	*
Mon 24 Nov 08	. #   .	1472.02	-	*
Tue 25 Nov 08	. #   .	1464.73	-	*
Wed 26 Nov 08	. #   .	1532.10	-	*
Thu 27 Nov 08	. #   .	1535.57	-	*
Fri 28 Nov 08	. #   .	1398.07	-	*
Mon 1 Dec 08	. #   .	1449.80	-	*
Tue 2 Dec 08	. #   .	1492.38	-	*
Wed 3 Dec 08	. #   .	1445.56	-	*
Thu 4 Dec 08	. #   .	1509.31	-	*
Fri 5 Dec 08	. #   .	1571.74	-	*
Mon 8 Dec 08	. #   .	1571.74	-	*

“Timer’s Trend” is based on 4% and 10% exponential moving averages of the New York Stock Exchange or NASDAQ advance/decline lines (that is, the ratio of advancing to declining stocks). There are many symbols shown above, but the ones that count are the braces: {, } = "Timer's Trend" (4% exponential confirmed by 10% exponential) SELL ({) or BUY (}) signal.

NEXT ISSUE - should appear in January 2009. With the added work of getting a second house up and running, I may not be able to get out 11 issues this year (July to June); but I will do my best.