

TABOO OPINIONS #24

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10-22-04 The fading economy is the on-going, unadmitted shark in the water these days. Today the DJIA fell 108 points to below a vaunted support level, which indicates to me and to other Dow Theory believers that the primary bear market is still intact, and that the long rally we've observed last year and early this year is in fact just a bear market rally.

Which means new lows soon and cracks, big time, in the "recovery" and a fall into a new recession which will only reluctantly eventually be recognized as a new depression.

I note the desperate need to sell new homes (and generate new debt and "liquidity") by a resort to **40-year mortgages!!!**. And Detroit's desperation to sell new cars by offering interest-free **6-year loans!!!**. But debt-creation has its law of diminishing returns, and it appears this country is reaching that point.

A real recession which un-employs five or six million people will cause a torrent of mortgage and loan defaults which will in turn cause financial structure defaults up and down the line...

A nation which lives on debt (and devaluing its currency) will die of it.

Watch the stock markets on Monday.

END TABOO OPINIONS #24