

How I See It (Part V)

How long can you ignore the realities of the world:

- Iran defies UN
- China's need for oil continues
- Gold soars
- Subprime mortgage market collapses
- Layoffs start to accelerate
- The U.S. Dollar drops, drops, and drops
- Margin debt is the highest since 1999
- Second-longest bull market in history without a correction
- 1.2 million homes foreclosed on in 2006

The list could be three times as long, but you get the point.

For the past several weeks, I have been outlining the case for oil, gold, and my negative feelings about homebuilding and the economy in general. Simply put, I believe there's more downside risk in the market than upside potential. It could take a catalyst from out of the blue (perhaps the Chinese sell-off of 9%, or Greenspan's comments about a U.S. recession) to ignite a downturn that is very reminiscent of March 2000. Stay tuned.

Till next time,

Bill

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