

The No-Business Meeting

After the market crash of 1929, there became a technique known as the “no-business meeting.” This is a meeting that included men of stature and significance, who by the very nature of the meeting itself, gave comfort to people that something was being done. The no-business meeting carried an illusion of importance. People, desperate after the 1929 crash, were seeking an answer to the country’s problems.

This morning, the great CEO’s of the homebuilding industry boarded a bus for a journey that took them up the steps of the Federal Reserve building to a meeting with Federal Reserve Chairman Ben Bernanke.

Remember, if you will, it was the Federal Reserve that lowered interest rates to an historic low of 1% a few years ago, helping to create unparalleled leverage. Now imagine the head of the Federal Reserve meeting with the CEOs of the companies who built homes at an unprecedented rate, which is now feeding our current problems. I can envision Ben saying: “Well, boys, what can I do for you?” And them saying collectively: “Help us, help us.” Ben: “What do you suggest, boys?” Answer: “Cut rates; inspire more home buying, bail people out.” Ben: “Interesting ideas, I’ll take that under advisement. Now have a nice day, boys.” And the boys got back on the bus.

It could have happened that way.

Great men gathered in one spot to solve our problems. It may not be 1929, but it’s still a “no-business meeting.”

Till next time,

Bill

P.S. – The July pending home sales index fell 12.2%, the largest drop since the pending home sales index began.

Securities offered through First Allied Securities, Inc. MEMBER: FINRA/SIPC

Email sent through the internet is not secure. Do not use email to send us confidential information such as credit card numbers, changes of address, PIN numbers, passwords or other important information. Do not email orders to buy or sell securities, transfer funds, or send time sensitive instructions. First Allied will not accept such orders or instructions. This email is not an official trade confirmation for transactions executed for your account. Your e-mail message is not private in that it is subject to review by the firm, its officers, agents and employees.