

The Countdown...

The Federal Reserve cuts interest rates. It doesn't matter. The Jobs Report is big. It doesn't matter. Google (\$703.21 as of 11/1/07), Apple (\$187.44 as of 11/1/07), and RIMM (\$122.08 as of 11/1/07), carry the NASDAQ to new highs. It doesn't matter.

The banks are holding **billions (maybe trillions)** of dollars worth of mortgage derivatives, and praying the foreclosure rate stops, praying that somehow the housing meltdown ceases, and wishing they never heard of a SIV or a CDO. **That matters.**

Merrill Lynch (\$62.19 as of 11/1/07) will be investigated for laying-off paper on a hedge fund, and then promising to buy it back later at full value, just so they don't have to record it on their balance sheet. Sound familiar? Like Enron. How bad could it be? We can't even imagine. The countdown to meltdown continues, happening sooner than even I thought.

Till next time,

Bill

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