Ataa talk: The boom is still ahead of us, not behind us.

go thru intro statement

background as an economist, there are a couple of laws with which economists are familiar:

the first law of economics
for every economist, there is an equal and opposite economist, meaning that for every bullish economist, there will always be a bearish one

second law of economics
they are both likely to be wrong

does everybody know why god created economists ? In order to make weather forecasters look good.

So, we are about to attempt some forecasts. In order to do that, we have a lot of US history to cover, to give some substance to what in my view is most likely to happen over the next five years to 2010.

series of dates
2001/2 <u>1991</u> 1982 <u>1974</u> 1961 1949 1937 <u>1932</u> 1921 1907 1897 <u>1893</u>
1884 <u>1873</u> 1866 <u>1857</u> 1847 <u>1836/7</u> 1825 <u>1819</u>

roughly one per decade, underlined the ones considered to have been more serious – actually these involved a property crash. Emphasise repeating history

Set the scene for the 1930's depression, the 1920's Dow chart. Most people believe the stock market crash caused the great depression, but here is what really happened.

(reading for a few minutes)

Florida
Early Southern farmers had held the belief that Florida land was a bit too sandy for profitable farming, but the railroad, with the carriage of more and more crops from the area proved the belief wrong. Soon, "people across the farm belts of the United States were heard sprouting the railroad promotion slogans, 'below the frost line' and 'ten acres and independence'" and began moving south. In 1910, one thousand dollars could get you that ten acres. And such an investment could yield $3,400 in tomatoes in one year.

Soon, the need for more land in Florida was becoming apparent. The serious work of dredging canals to remove some of the water from the everglade areas began. Even the feasibility of complete drainage was discussed in a report at federal government level. Real estate men lost no time in promoting the benefits of such land investment, auctioning off large swathes of as yet, un-drained swamp. Said one buyer in 1911: "I have bought land by the acre, I have bought land by the foot but by God I have never before bought land by the gallon." The government Report was shown to be flawed curtailing Florida's first (mini) land boom, with twenty thousand purchasers of land demanding their money back.

In 1915, Florida State instituted a substantial road building program. Four years later, the Dixie highway was completed; one road linking Michigan State all the way south to Florida.

This road building program recognized early the economic impact of the new automobile and their drivers and holidaymakers, the 'tin can tourists' as they were called. These mostly northern tourists took their name from their b.y.o. tin-can cuisine carried in the car. Sometimes several families all piled into the one auto. "What started with chilly Northerners seeking a slice of America's newly civilized frontier on which to vacation or to retire, soon turned into one of the greatest social and economic movements of population and capital in the history of the world." said one traveller of the time. And the kings of this movement were the land developers. These people didn't just design developments; they created entire cities. The architects and engineers did more than build houses; they created a way of life that became known throughout the world as the Florida lifestyle.

Developer Dave Davis dredged two mud islands in Tampa bay and built Davis islands, complete with yacht clubs, hotels, tennis courts and more. Barron Collier, who had made a fortune from streetcar advertising, put together 1.3 million acres of the state after visiting Florida in 1911, then in the early 1920's proceeded to build the cities of Naples and Marco Island into winter resorts that became wildly popular.

A chap named Carl Fisher built Miami Beach, putting his substantial fortune from the manufacture of automobile headlamps into the development. Locals literally gasped as Fisher proceeded to fill hundreds of acres of swamp with sand dredged from the bay, top it with thousands of tons of Everglade topsoil and then build hotels, golf courses, yacht clubs and polo grounds.

Fisher started his working life at age 12 selling newspapers on the railway. Sales soared after he started flashing a photo of a naked woman from underneath his jumper. This time, to draw attention to his 1920's Miami Beach development, Fisher brought in a circus elephant, imported a polo team from England, dressed young women in risqué bathing suits, and started taking pictures. Said Fisher: " We'll get the prettiest girls and put them in the goddamndest tightest and shortest bathing suits, and no stockings or swim shoes either. We'll have their pictures taken and send them all over the goddamn country!" Soon, every paper in the country was carrying pictures of suitably clad (or rather un-clad) women on the beach in Florida. All of a sudden, Florida was the place to be.

Fisher's promotions sparked a national hysteria for Florida real estate. Six million people poured into Florida in three years. When they arrived they found a real estate gold rush in progress.

Overflow crowds slept in parks, and pored over Sunday papers with 500 pages of real estate ads. Caravans of buses from the upper mid-west brought thousands of prospects on tours of new developments. Seven thousand five hundred real estate licenses were issued in Miami in 1925. Subdivisions sold out the day they went on the market. One office sold thirty-four million dollars worth of property in a single morning. Prices soared, and speculators rushed in. For $100 dollars down, anyone could get in on the action, buying and selling land without ever setting foot on it. Southern Florida became the American Riviera: "a place to vacation, a place to be seen, a place to make money."

Sea-front lots were offered to investors, especially wealthy northern investors, with just 10 percent down. And of course it was implied that by the time your second installment was due, your real estate would have doubled in price, or thereabouts. By early 1925, those who had bought in 1923 had seen gains of 600% and more. Lots were being sold and re-sold many times over. Real estate men lined the railroad stations waiting for their buyers, or had students stand at the lot sites taking bids. 1925 saw $1 billion flow into Florida construction. Wall-Streeters bought up, small town America converted its savings into Florida lots, even wealthy Europeans came to Florida to see the action for themselves.

Insert quote here

Said one observer: They set up card tables for real estate offices and sold you property. One minute you buy a piece of property. Ten minutes later you sell it to somebody else.

But some minor difficulties arose in 1925. In this year, the newly designed federal income tax laws (from 1913) pushed income tax officials to start studying real estate records for understated, or indeed not stated assessable profits. That October, a nation-wide rail strike halted deliveries of building material into the state. Then, in early 1926, the Prins Valdemer, filled with timber, overturned in Miami harbor, delaying shipments of building supplies for weeks and blocking the harbor. Perhaps this gave investors a little time to think. The flow of speculators along the Dixie Highway began to reverse a little, as a few prospective buyers headed back north. Those who did so avoided the hurricane that hit Miami on September 18, 1926, killing almost 400 and injuring thousands. There had been nothing like this hurricane since 1910, but back then of course there was little of man-made consequence to destroy. This time, as the 200 k.p.h. winds swept in from the Atlantic and moved counter clockwise over Lake Okeechobee, the south end of the lake dried up. Then, as the storm passed, it brought a wall of water to the towns of Belle Glade and Moore Haven, drowning 300. "The news of people drowning in a wave, thirty miles from the Atlantic Ocean stunned readers all across the world."

The boom was bust. Said historian and a former St. Petersburg Florida realtor, Walter Fuller: "The 1925 Florida land boom just ran out of fuel in the late fall of 1925 and quit - we just ran out of suckers, that's all." The Marx Brothers parodied the whole Florida episode in their 1929 production of The Cocoanuts; opening a hotel, auctioning off plenty of real estate, thwarting a jewel heist and generally carrying on as only the Marx brothers could do.

Said Groucho: Florida folks, sunshine, sunshine, perpetual sunshine all the year round. Let's get the auction started before we get a tornado...800 wonderful residences will be built right here. Why they're as good as up -- better. You can have any kind of a home you want.... why, you can even get stucco. Oh, how you can get stucco! And don't forget the guarantee, my personal guarantee -- if these lots don't double in value in a year, I don't know what you can do about it.

The market crash of 1929 was large, but not at the time catastrophic. Indeed, there had been falls of similar magnitude before (like in 1926 for example), with most market players expecting another one to repeat again at sometime in the future. Early 1930 saw quite a rally; back by half from the previous oversold conditions. Stock markets have a distinct habit of doing this of course; of retracing by half - often exactly - the prior move in the opposite direction. There were good reasons why the market should have done this in early 1930, with the president urging business leaders not to cut wages so that demand would not fall and suggesting firms could bring forward construction plans on the books.

Several listed companies, US Steel and General Motors amongst them, announced dividend increases. Several corporations announced they would guarantee employee margin accounts if necessary. And of most importance, the fed lowered the discount rate to 5 percent on October 31 (1929) and then again to 4 and a half percent several weeks later.   There were no bank failures immediately after the October crash, though one, in Michigan, The Industrial Bank, failed when it was discovered that several employees had 'loaned' themselves 3 million dollars to play the market and lost.

However,
In early November of 1930, the banking empire of Rogers Caldwell, centered in and around Nashville, Tennessee, collapsed. Rogers Caldwell controlled the largest network of banks in the Southern regions of the US and was, as it happens, heavily invested in real estate.

During the 1920's, Caldwell had expanded into numerous fields, buying up insurance companies, other banks, department stores, resource companies especially oil, and textile mills. Caldwell also expanded into real estate by helping underwrite the construction costs of office buildings and even some hotels and apartment blocks.

On the surface, Caldwell looked very wealthy, behind the scenes however, a less richer story was emerging. Caldwell had developed an expensive lifestyle; one that included lavish entertainment, exclusive club membership, and a developing passion in fine blooded race horses; a lifestyle he was struggling to afford and which he was increasingly billing to his company. Never the less, in October of 1929, Caldwell, with associates Mason Houghland and John Branham bought the 632 acre 'Fairview' for $74000. The idea was simple; to permit a select group of millionaires membership of this property for $10 000, then lease or acquire the eighty adjacent farms (28 square miles worth) and create a vast hunting preserve and sportsmen's club. Despite the stock market crash a mere two weeks later - it affected only stocks it was reasoned, in an area where wealth was measured by land - the plans were duly carried out and a prospectus released advertising the benefits of this 'island of sport'.

"Every imaginable sport was either provided for or planned, including: polo, dove and quail shooting, pheasant hunting, duck shooting, horse breeding, fishing, boating, swimming, golf …tennis, restaurants… and residential accommodations," and the inaugural steeplechase and fox hunt was scheduled for December 6 1930.

Persistent rumors about the health of Caldwell's bank however, forced the Tennessee State auditors to examine the bank on November 7 1930. (Up to this time Caldwell had had his own company men in key positions within the Tennessee State Banking authority who had been able to tip him off to any looming state audit of his banks.) They declared the bank insolvent and in default on its state deposits. This action saw runs develop on other Caldwell owned banks throughout the state and Caldwell and Coy, the largest banking concern in the South, went into receivership. Within two weeks, more than 100 other banks across seven Southern states were out of business. The collapse of Caldwell put the state of Tennessee into crisis as at least $3.4 million in state funds was now missing. This was reckoned to be about ten percent of the state's budgeted expenditure for the forthcoming year, and "virtually all the cash on hand." The first banking panic of the great depression had begun.

Then, on December 11, 1930, The New York based Bank of the United States (a misleading name since it was not connected with the government in any way) went bust. This, it was said, was due not only to the bank's stock market losses of its affiliates, but also to an over exposure to declining property prices. Describing the scene as the Bank of the United States closed its doors, James D Horan (*The Desperate Hours*) wrote: "It was one of the most disastrous failures in the banking history of the country…men wept as they tried to rush past the police guards and pounded on the closed doors; women screamed as they held up their bank books. Crowds refused to disperse and stayed outside the doors for days, hoping that their savings were not lost."

Said one bank historian about the bank "Compared with other New York City banks, The Bank of the United States investment in real estate was excessive, and its management practices left much to be desired."

It was the collapse of real estate values, below the value upon which a lot of banks had created credit, that caused the great depression, not the stock market collapse.

Let me sidetrack a little and talk about US history.
Why i want to do this will become obvious in a few minutes
map
okay, so most of us know a little US history. Christopher Columbus discovered the Americas in 1492. Here is how he described the Indians that he found there:
"They are", he reported, "so ingenious and free with all they have, that no one would believe it who had not seen it; of anything they possess, if it be asked of them they never say no; on the contrary, they invite you to share it, and they show as much love as if their hearts went with it."

Here is what the king of France had to say, king Louis XIV in an order to one of his governors in what is now Canada: "To diminish as much as possible the number of Iroquois; and moreover, as the savages who are very strong and robust will serve usefully in my galleys, I will that you do everything in your power to make a great number of them prisoners of war and have them conveyed to France."

Now to cut a long history short, eventually more and more of the US was settled, the twelve or so eastern seaboard states got together after Independence and elected a federal government, with the states ceding their control of land to that federal body, which began a process of selling title to the land to all who would come and live there. That was the practice that interested me, because there is a substantial connection between land speculation and the economic cycle of boom and bust:

review the cycle dates again

land sales to **1819**,
don't focus on this one due to time constraints,

quote from historians describing 1819:

The federal government facilitated large-scale speculation in public lands by opening up for sale large tracts in the Southwest and Northwest, and granting liberal credit terms to purchases. Public land sales, which had averaged $2 million to $4 million per annum in 1815 and 1816, rose to a peak of $13.6 million in 1818. Speculation in urban and rural lands and real estate, using bank credit, was a common phenomenon which sharply raised property values…

a memorable collapse followed

land sales to **1837**

quote from historians about 1837:

At the heart of national prosperity was a land boom developing in the West, financed by the banks. The farmer, the manufacturer, and the merchant, instead of paying their debts, bought land and speculated in land. The conservative eastern capitalist, the reckless easy-going southern planter, and the wary, doubtful western farmer joined hands in their efforts to purchase land. Villages and cities sprang up overnight in every direction, sites increased at the rate of 200 to 300 per cent per year, fortunes were made and lost in a few moments. All who had money or credit plunged headlong into the stream. Companies were formed, and through the generosity of the banks the mad rush to destruction was facilitated. Many of the states had slapdash banking laws, and many of these new banks were badly - if not fraudulently - managed, under capitalized, under-regulated and overly bullish about the future.

The land auctions were attended by veritable mobs. They were scenes of great excitement. Premiums were paid for choice locations near the auctioneers, and bribery and corruption in the process of receiving and registering bids were common.

From a Wisconsin newspaper came the estimate that in the newer sections of the country, real estate investment for the ten years between 1825 and 1835, paid a 20 to 30 per cent return per annum… Men left their warehouses, counting-rooms and stores and rushed off to buy townships, village lots or raw land. In Milwaukee, it was being reported that land buyers went to bed at night hugging themselves with delight over the prospect that the succeeding morning would double their wealth.

A memorable collapse followed.

r/road stock index to 1842

US banking development, explain simple note printing

explain how the land was sold off by the government, $1.25 per acre regardless of situation or quality, on extended credit terms,
stake out the land, seek title at the nearest title office, take in your freshly printed bank notes for the deposit, and start farming

US map
as the US land frontier kept pushing westward, the Indians lost more and more of the ancestral hunting grounds. Here is what was happening on the frontier as the European hunger for land intensified. (read quote if time)

land sales to **1857**
sales peaked in 1854

Smith and Cole, *(Fluctuations in American Business, 1790-1860*), 1935 study specifically rule out the land sales peak being attributable to immigration, going on to state (what is to my mind the bleeding obvious): "peaks in the sale of public lands uniformly preceded the outbreaks of the several crises…and frequently, recovery in the volume of land sales preceded that of general business."

The desire for land
In 1850, the federal government passed its Swamp Land Act, granting to each state any 'swamp or overflowed' land inside their borders. This meant that any forty-acre tract either at harvest or planting that was underwater and traversable only by boat, could be sold at reduced rates and the proceeds put towards reclamation and drainage. Henry Miller, a German immigrant arrived in San Francisco the same year as the Federal Lands Acts was passed. Arriving with just six dollars in his pocket, he ended up amassing 14 million acres of land to his name by the time he died. The story goes that one day Miller saw some land that he coveted. Hitching a rowboat to the back end of one of his wagons, Miller had a team of horses pull him - and his boat - across the much desired land. Shortly thereafter, the government received a map of the lands from Miller, together with a sworn statement that he had rowed across the land in a boat. The land became his.

Quote of historians writing of 1857: "Nearly the whole West swarms with speculators… who neither intend to cultivate the soil nor settle there, but who expect to realize fortunes without labor. Land speculation, observed a Wisconsin editor, had become a mania. 'Merchants have shut up their shops, lawyers have left the bar, farmers have laid down the shovel and the hoe, manufacturers have abandoned their business to turn land agents and real estate dealers.' In Minnesota, complained one politician, people were 'so engrossed in speculating', that they had no time for politics.

A memorable downturn followed

discount rate – sharp drop in rates, in 1852, fed the speculation
note 15 years low to low – 180 months

r/road index (proxy for the stock market)– peaked well before the downturn

This tends to suggest the fact that railroad earnings had not been improving for some years prior to 1857, something insiders may have known, but would never have admitted in public.

In this cycle, rail stocks ran up 119 months, Jan 1843 to Dec 1852, then down for 58 months to October 1857.

The expansion of bank credit after 1852 is revealed by the chart tracing the proportion of specie reserves held by (New York) banks.

The chart of quarterly receipts of land sales to the federal government clearly shows the speculative frenzy in land resulting from the low interest rates available after 1852, and the expansion of credit.

The event that brought panic, the August 24th 1857 collapse of the Ohio Life Insurance and Trust Company, a bank heavily invested in railroad bonds and associated real estate.

Who to blame

"Our present disorders have been provoked by the extravagance of our women. Crinoline and moiré, gloves and feathers, fans and furbelows, kickshaws and gewgaws, these have ruined us. These have drained us of our western wheat and our Californian gold, to give us in return only hotel flirtations and watering place polkas."
New York Weekly Times, Oct 17 1857

Hunt's Merchants' Magazine listed one of the causes of the 1857 depression as the telegraph, disseminating the bad news, as it was, 'too quickly'.

And finally:
The *Herald* layed the blame to wine, women and (wait for it) fast horses."
Washington Evening Star, Aug 28 1857

land sales to **1873**
Land sales peaked in 1869. The land speculation at that time was being done by railroad companies as they sought to build ever bigger and longer railroad networks. Time constraints limit my discussion on this today

rail index versus interest rates
Railroad stocks peaked, the month *before* interest rates bottomed in New York, at 4.85%, which was in June 1871. (The stock market correctly discounting lower earnings in future years, pricing in the information before hand.)

interest rates peaked October 1873, this was as it happens, 30 years from the 1843 low

the event at the peak to bring bust out of the boom,
In the summer of 1873, May to September, Homer Hoyt reported a falling off of the cash resources of intending real estate buyers. And when this seemed to halt the rising land values, "the desire to purchase land fell off sharply, for nothing so quickly stops an upturn as the belief that a commodity can be bought next month or next year at the same price." A revival of the property market was being anticipated in the autumn, as per usual, however the September 18th announcement, in New York, of the failure of Jay Cooke and Company, the nation's most prestigious banking house, startled investors. Indeed, the initial reaction was disbelief. In Pittsburgh a paperboy was arrested for shouting out the news. Incredulity soon gave way to panic

Another historian said this: "On the day of the Jay Cooke bank failure, these shares dropped in price so suddenly and sharply that other banks and prominent brokerage houses collapsed like pins in a game of ten-pins. On the street, within the shadow of the stock exchange, some men wept and some attempted suicide at the realization of their financial ruin. I saw all this, as I was in the midst of it and it made a lasting impression."

a memorable downturn followed

Who to blame ?
"Wall Street has seen the bluest time today it has ever known." putting the blame on the stock market
Cincinnati Daily Gazette, Oct 15 1873

"Republican misgovernment and misrule have brought upon us the financial troubles that now afflict so terribly all parts of the country."
Baltimore Gazette, Nov 4 1873

"The Democratic Party caused these hard times."
New York Daily Graphic, Oct 27 1876

"The financial disturbance has been brought about by the trade unionists."
New York Journal of Commerce, Dec 29 1873

"Women's extravagance bears a large portion of the responsibility."
Carthage Illinois Gazette, Jan 26 1874

Mrs. Jones says that a woman should have two husbands 'these times', for one man can't keep a woman respectably."
New York Star, Aug 3 1874

banking:
bank loans now given more and more by credit into account, or sometimes by paper (cheque)

1893 cycle (shorten if no time)

The telephone had now been invented and Edison was about to demonstrate his electric light.   It was in 1881 that electricity was first supplied to New York. Not everyone was taken at first.   When electric light bulbs were introduced, the New York Times gave warning that they might cause blindness.

Land sales peaked in 1888, well before the months of panic as usual, with sales falling markedly after 1890.

time does not permit further examination of this cycle, but the land speculation peak was clear
Brief history of sooners and 1889 line up ?

Railroad stocks could never quite manage to rise above the peak they made in June of 1881, (probably due to increased government regulation of the industry, increased competition and the increasing clout of the Granger movement), but did rise to a lower top within the decline of the 1880's over all, in March of 1892. Interestingly, rail stocks bottomed in August of 1896, 15 years from the high. The March 1892 peak was itself 15 years from the June 1877 low.

Interest rates on New York commercial paper peaked in July and August of 1893, in line with the final crisis of that state at the end of the panic. This was 20 years (238 months actually) from the October 1873 panic high, and exactly 15 years from the 1878 low. The 1893 high was also 144 months from the 1881 June low, which itself was ten years - 120 months - from the 1871 low. All good points on the square and the triangle within the circle.   (WTG, repeat)

a memorable downturn followed

In years past, the memorable downturns had occurred in an economy without electric light, without telephones or fax machines (or any other fast means of communication for that matter) and in conditions that would seem less than civilized to on-lookers from today's era. What's more, despite the US economy operating either with a central bank, or without one, at a time of inflation or at a time of deflation, under conditions of a government budget surplus or deficit, severe downturns (depressions in fact) had been occurring roughly every eighteen to twenty years.

1974 cycle
after the great depression of 1932, land price bottomed in 1955
chart ?
Peak in 1973

pierpont noted this about 1974 in Australia

September 1974 was one of the most horrible months in modern Australian financial history, when it seemed for a few weeks that civilisation as we knew it had indeed gone over the precipice. If you look at a historic chart of the All Ordinaries Index, you will see a sharp downward spike in 1974. That's September 1974, when the share market fell so far and so fast that the chartists almost ran out of graph paper.

In September 1974, there was the spectacular collapse of one of Australia's most high-profile construction groups, Mainline Corporation. Then Cambridge Credit Corporation closed its doors in one of the biggest (bank) collapses Australia had seen until then, and one that caused widespread grief among small holders of shares and notes. September 1974 was also the month when the building societies of Queensland and South Australia were hit by panic runs. If the then premier of South Australia, Don Dunstan, hadn't gone onto the footpaths of Adelaide with a loud hailer to reassure the mob who were queuing to withdraw their deposits, the run could well have continued onto the banking system.

1991
Insana page 136, Trendwatching

"On the Financial News Network in the spring of 1989, one of the San Fernando Valley's hottest young real estate entrepreneurs, Mike Glickman, made a bold proclamation that Southern California real estate values would never fall. Glickman, who at age 15 delivered real estate tear sheets for a local broker, became one of the most successful real estate agents by the time he was in his early twenties. By age 30, he owned the fastest-growing real estate brokerage in the region. He was frequently billed as one of the best young entrepreneurs in Los Angeles. He paid above-average commissions, gave generous perks and bonuses, and expanded his operations with a speed unheard of in the real estate business. In March of 1989, when he made his bold assertion that the market would never go down, he was riding the wave of a 15-year bull market in real estate. The bubble had been inflating with great vigor for at least the preceding five years. His comments marked the top of the cycle. When interest rates started to go up in 1989, leveraged transactions in the stock market and the real estate market were hit hard. Within a year, Glickman's operations were severely constrained. He eventually went personally and professionally bankrupt, the victim of over expansion and the undying belief that prices only go in one direction. . . up. Real estate prices in Southern California crashed... The entire real estate bubble was financed by very easy money. The implosion of that bubble, along with a huge bear market in commercial real estate, would saddle the nation's biggest banks with uncollectible debt. The subsequent banking crisis in 1990 and 1991 led the Federal Reserve to embark on another dramatic lowering of interest rates. That repetitive cycle led to the new bull market in stocks and, ultimately, a new bubble in financial assets."

in Victoria, Pyramid collapsed even after the state government said it was sound, tri-continental in S.A.

forecasts

real estate
most important thing to note is the position of the real estate cycle – everything else moves within it
The real estate market should run 15 years from the low, which in Australia was around 1993. Continued easy credit conditions from mortgage providers currently make this a probable scenario. That puts us on track for a high around 2008/9, if not slightly before. In past cycles, there has been a reliable 18 to 20 year repetition of economic events, trough to trough, with the largest gains in land price usually occurring right at the end of the cycle. If things continue, we should note that by 2009, no person in the western world under 40 will have had any direct experience of a property market that has done anything else but go up. I can confidently forecast that some successful 35 yr old property expert will most likely get on national television and again proclaim that real estate values will never fall. For him that will be true, because he will never have personally seen it happen.

At some point around then, a credit provider will collapse. This will cause a degree of panic in markets. You can be absolutely certain that something like that will occur in the future, only the timing of it is hard to predict.

Tallest buildings
Without exception, the world's tallest buildings, since 1873 and the building of the world's first skyscraper in Chicago, have opened right at the top of the real estate cycle. This event has in fact marked the top of every previous real estate cycle. The world's tallest building is currently scheduled for completion in New York in 2009.

a memorable collapse in real estate prices will follow

for the stock market (mark the following on white board) ?

example that things do make repetitive patterns, bso

handout circle, each to mark birthday, then 90's, 120's

gann's decade cycle: yr 2 low, yr 5 up, October 07's, leave out 1970's
update for 2005 – 10
2007, after September 3rd there is potential for an event which will give the US market some pause
note, 1987 plus 240 months takes us to 2007, October
1987 crash, plus 15 years to lows of 2002/3
bull market off 2003 will run 5 years, 2years up, 1 year down, 2 years up – the end of a 5 year campaign comes in the 59th or 60th month (rule number 2 from Gann)

Any stock market collapse toward the end of the real estate cycle takes much longer to recover from, than a stock market collapse in the first half of the real estate cycle.

Dow 1929 180's
Spi 2001 + 180 weeks

30 year, 60 year patterns, Dow 9/11 + 30 + 60 + 90 months. Each of these months in that time frame WILL bring emotional events, terrorist related probably.

1974/5 all time highs in oil prices, 30 years later, same
see charts, of oil, then gold, 1979 plus 30, coffee

1941, planes diving into warships, 2001, into buildings

bottom of real estate cycle, 2010, but not forecasting some huge major crash – K wave up cycle now.
the world will of course look around for someone to blame, probably this time the blame will fall upon hedge funds having seemed to have made markets too volatile whilst the real culprit, bank creation of credit upon inflated land values will go un-noticed.

Currency issues, 60 years crises, 120 years off 1889 to 1893

note at the moment the rule of 20 – market valuations currently not at all stretched
now that our market has broken into all time highs, where might it go, and to what prices, there will be a repeatable pattern develop.
Dow pattern 1960's into 1000
SPI to 4800 – 1200 by 4, 2400 by 2

I believe we are going up, and the real boom is still ahead of us

Point to handout at back re follow up contact details, any questions