



>: Why You Should Be MAD About the Interest Rate Cut!

Monday, August 20, 2007 / Ben Schott

What do I think about the FED cutting the discount rate? We knew we were in for another volatile week, and the markets certainly didn't disappoint, did they?

The biggest news was how you asked with the Fed going into "crisis mode" and cutting the Discount Rate by half a percent in an effort to stabilize financial markets.

My original idea for the whole piece was to ask all of you how you felt about what you had heard, and I'll spare you the technicalities and get into the meat of the issue.

I asked Dylan how he felt about flipping out about it. That's right - ticked off, upset, mad as heck-fire. (Editor's Note: "heck-fire" isn't in Dylan's vocabulary. Yes, in case you were wondering, I edited this.)

You'd think I would have been upset with an interest rate cut that may have averted a market panic, and which led to a market rebound of over 228 points? Box.

Let's just say because I don't want to help ANY INVESTOR - let alone manic depressive crybaby investors like Jim Cramer - avoid feeling a little pain when the market drops! (To see Jim Cramer act less professional than a second year stockbroker, [view the YouTube video here](#).)

[Director's Notation: The scene: Schott family living room. The time: Evening, having just put the baby to bed.]

I mean come on folks! This isn't just about Jim Cramer making money. Wall Street brokers, private equity firms, hedge funds, mortgage brokers and you-name-it have Me: "Blow out the candles on the cake, it's past 5 years since we did it with Dylan to pay the Piper" that's the way the game is played, ladies and gentlemen.

My Wife: (icy about the real reason I'm so upset is that Bernanke may just have caused investors like me (and my [Fallen Angel Stocks](#)

members) to miss out on millions of dollars in profits (and I'm not talking FIGURATIVELY here).

Anyway, Dylan's stance on the issue was 180 degrees from what almost everybody else has been saying, so I asked him to put it in writing and send it over to me so I could share it with you this morning.

That's because last Thursday's market action was the first time I began to feel authentic panic in the stock market since September 2001.

Here's Dylan's take ...

When the market re-opened after 9/11 - and I tell you this in the most unashamed way I can muster - I BOUGHT A LOT OF STOCKS AT CHEAP PRICES AND MADE A KILLING IN 2002 and 2003.

I remember it like it was yesterday: American Express (SYM: AXP) selling for \$18/share! JP Morgan (SYM: JPM) selling for \$22 per share. Shaw Communications (SYM: SJR) dropping from \$20 to \$6! H & R Block (SYM: HRB) was selling for \$8!

It was like a parade right in front of my very eyes! Only in this parade, there weren't any floats, there were ticker symbols - and each one screamed "BUY! BUY!BUY!"

At first, I swear, I thought it was an illusion. Was this what the old timers meant when they used to talk about gaining a level of clarity so powerful that you're able to transcend the noise, the fear and the panic and begin your market operations?

ABSOLUTELY IT WAS!

And that's the way I began to feel on Thursday! For the first time since 2001, people were so scared that they were RUNNING FOR THE EXITS.

Opportunities like that come across only once or twice in a decade!

In the end, does the Fed's action mean the market has already seen its floor (and we've been "robbed" of our killing here)?

Who knows.

But I'll tell you: whenever I see men like Jim Cramer, or private equity firms, or Wall Street talking heads cry about the pain of what is really a natural correction ... it makes me want to puke.

Manipulating the market may work for the short-term, but if risk-premiums stay as low as they have, by my word, there will be a day of reckoning for careless investors in the long-term.

And it's times like that when clear-headed investors have opportunities to double or triple their NET WORTH.

You bet I'll be first in line.

- Dylan

PS - Dear Cramer: I challenge you to debate me on any of these issues. I know I've been tough on you today, but you truly looked like you were deeper in their pockets than you should have been. Step back, my friend, and get some perspective. You're supposed to be objective and helping individual investors, not acting like some pawn for your Wall Street friends. You should go to the Wizard of Oz and ask for some Self-Respect.

See what I mean?

Well, I'm still interested in hearing

It will be hard to match Dylan's passion, but I really want to know your thoughts.

Are you happy about the rate cut?

Do you think it's just symbolic, or that it might lift the markets out of their funk for more than a few trading sessions?