



>: 2007: Tipping Point for U.S. Economy?

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Another Brick in the Wall: 2007: Tipping Point for U.S. Economy?
(Part 1 of a 4-Part Year-End Series)

By Dylan Jovine

(Please Note: This is Part 1 of a 4-part series on the dangers and risks facing the U.S. economy in 2007.)

ANY REASONABLE LOOK AT THE FACTS SUGGESTS THE U.S. ECONOMY FACES SERIOUS RISKS IN 2007.

What's been so shocking to us here at *The Tycoon Report*, though, has been the fact that nobody in the financial press seems to be talking about it.

As Newsletter watcher Mark Hulbert pointed out in this Sunday's *New York Times*, "Investment newsletter editors are about as bullish as they've been in nearly five years."

Mr. Hulbert goes on to suggest that when that many newsletter editors become bullish, history suggests the market may be headed for a fall.

We agree completely with Mr. Hulbert: The stunningly blind bullishness of many of our "competitors" is alarming ? especially considering the financial risks facing the U.S. economy.

To begin with, during the past five years, the Fed's job has been relatively easy. The economy has been able to absorb outrageously high oil and commodity prices with relative ease due to the strength of the economy and a low interest rate environment.

In short, investors have cheered the "Goldilocks" effect of an economy growing "not too fast and not too slow."

But the economy is indeed beginning to slow. From the collapse in the housing sector to recent weakness in manufacturing, the economy is slowing down, basically to a crawl.

Disturbingly, though, inflation still remains a key concern for the Federal Reserve.

Remember, this is the first year since commodity prices have begun to rise that the economy has been weak, inflation has appeared, and higher interest rates are a serious concern: the exact recipe needed for economic disaster.

How serious can the effects be on the stock market?

Consider this one sobering statistic: in the past five years, institutional investors have pumped over \$1.3 trillion into private equity firms and hedge funds, which have, in turn, pushed most of it into the stock market.

It's been the cheap money flooding the system that has sent the stock market to recent highs (witness the flood of ever-larger private equity deals that hit the screen almost every day.)

But now, for the very first time during this economic cycle, the risks the economy faces are largely outside of the Fed's control.

And sophisticated investors know this. That's why they've been selling U.S. assets, as proven by the recent collapse of the U.S. dollar.

And while we're not pessimists by nature, I think the risks are high enough that not being fully aware of them can have a serious impact on your portfolio.

That's why *Point and Profit* Chief Investment Officer Teeka Tiwari recently recommended to his members trades on the short side that have performed brilliantly.

That's why *Trend Rider*

Chief Investment Officer Christopher Rowe has begun to talk about taking advantage of unrealistic bullishness by trading the VIX Volatility Index.

That's why *Tech Stock Insider* Wayne Mulligan has been counseling caution on the general market while he takes profits from select trades in his portfolio.

And last but not least, that's why I've done a ton of house cleaning at *Fallen Angel Stocks* to position our members properly.

But what about the other 100,000 investors like you who rely on *The Tycoon Report* each day to guide you through the dangers of the marketplace?

If we think the risks are greater than they've been in five years, we have an obligation to share them with you.

20%, 30%, or as much as 40%, we have to warn you about them.

To address these urgent risks ? and help protect you from the dangers facing the markets in 2007 ? we got together and wrote out a plan of action.

Here's what we've decided to do:

1. **EARLY RELEASE DATE ON NEXT YEAR'S OUTLOOK:** The first step we've taken is to move the release date up for our 2007 Market Outlook. Instead of releasing the report in mid-January as we originally planned, we'll be releasing it next week so you'll have time to read it and take appropriate action before 2007 arrives.

In this 100-page report, you'll get opinions and trade recommendations from each of our editors, including Chris Rowe, Teeka Tiwari, Wayne Mulligan, Jason Jovine, and of course myself.

2. **HEAVILY DISCOUNTED PRICE:** In an effort to get the report into as many hands as possible, we will heavily discount our 2007 Outlook report by a full 50% - to only \$99.

This is the first time in our company's history that all of our editors have joined forces to help you navigate the tough waters of the coming year.

3. **EARLY REGISTRATION SYSTEM:** Since this is time-sensitive material, the \$99 price will only apply to the first 1,000 readers who are concerned enough about 2007 to get in front of the issue and protect their portfolios.

For the best shot at being one of the first 1,000, be sure to join the waiting list (XX KAT: [LINK THAT TO SIGNUP PAGE](#)) so you can be among the first to know when the report is available.

4. **FOUR-PART DECEMBER SERIES:** Last but not least, I've decided to spend the rest of the year using my weekly space here each Tuesday to outline the risks we face.

As I've stated above, we are not pessimists by nature. But any reasonable look at the facts suggests that 2007 will be a tipping point for the U.S. economy.

And while I can't force you to protect yourself, I must urge you to trust our collective 100 years of experience here and stay tuned throughout the rest of December.

If the weatherman were predicting a 75% risk of a hurricane, wouldn't you take the steps necessary to protect your family?

Of course you would. And we're going to do everything in our power to help you position yourself for the very real possibility of a financial storm in the coming year!

While we work 24/7 to finish this report and get it out to you, again, I suggest you join our waiting list (XX KAT: [LINK THAT TO SIGNUP PAGE](#)) to get access to the report as soon as it becomes available.

Best Regards,

Dylan Jovine

Letters to the Editor:

"Your Broker's Hidden Agenda"

Recently we published an article titled, "Your Broker's Hidden Agenda," that took stockbrokers to task for often putting their interests ahead of their clients'.

Understandably, this generated a ton of angry response from brokers such as Tom Tierny, who claimed poignantly, "There ARE some of us out here who really do try to keep our clients' best interests foremost."

Tom is 100% right on this score: Not all stockbrokers put their own interests ahead of their clients' and we apologize if we suggested any differently.

However, due to the damage that a bad broker can cause to your financial goals and dreams, we do suggest you proceed with caution when hiring one.

Normally, when people we do business with make mistakes, the potential for damage isn't that great: If the girl at a McDonald's drive-through

window forgets to put your french fries in the bag, the consequences aren't dire ? it?s just an inconvenience.

But carelessness ? and even worse, bad intentions ? in some of life?s transactions can have dire consequences. If your doctor makes a mistake, it could mean the difference between your life and your death; if a lawyer gives you poor advice, you could lose everything during a trial.

And last but not least, of course, if your financial professional is a bad seed, it could ruin your retirement. While we have nothing against Wal-Mart*per se*, I'd hate to think that you'd end up working there during your golden years because of a bad stock broker.

With that being said, again, I'd like to point out that not all financial advisors are, indeed, bad.

And while Tom may, indeed, be one of the good apples of the bunch, it still pays to do your homework ahead of time when searching for a broker. The stakes are just too big not to.

Here's the link to a report I wrote on the subject last year that might help. Essentially, it's the six most important questions you should ask your broker before buying any stock ... and if he can't give you the answers, consider yourself warned:

http://www.fallenangelstocks.com/_doc/20066QuestionsToAsk.pdf



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