



TEDBITS
THE ECONOMIC & FINANCIAL NO SPIN ZONE!
BY TY ANDROS OF TRADERVIEW.COM
MANAGED FUTURES & ALTERNATIVE INVESTMENT SPECIALISTS

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Hello, My name is Ty Andros and I would like to show you how to capture the opportunities discussed in my commentary. Click here and I will prepare a complimentary, no obligation custom-tailored set of portfolio recommendations designed to specifically meet your investment needs. [Click Here.](#)

Foreword

For greater insight into our publication, have a look at the [Overview of Tedbits](#). It helps current and potential subscribers understand our mission in serving you. It also gives a broad description of what's unfolding globally and what you can expect from Tedbits as a regular reader.

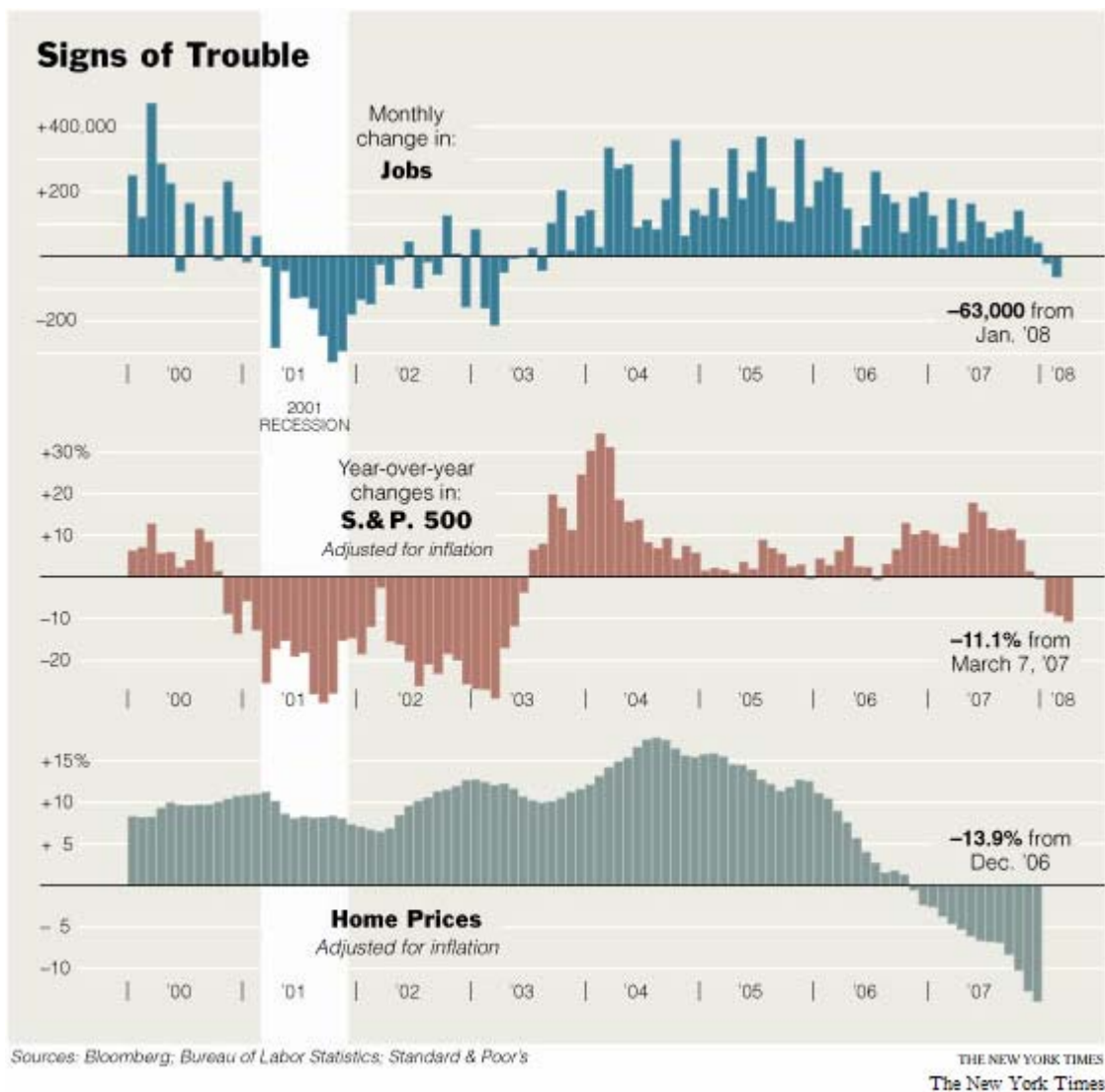
In This Issue

BEWARE: The Ides of March, aka FIRESTORM!

Volatility is opportunity and we are seeing it in spades. The markets are jumping and thus creating juicy opportunities for the prepared investor. Currencies, interest rates, stocks and commodities are roaring all over the place. The moves are big but in general quite ORDERLY. This is set to continue as far as the eye can see. It also provides you with a measuring stick to how well you and your investment advisors have done in preparing to capture these opportunities and not be harmed by them. Just look at your portfolio bottom line and that will tell you whether you and your advisors get an A for excellent, something less or even an F for failure. Take note!

Just as Julius Caesar met his demise in the upcoming week in 44 BC, the Wolf wave rips into the income streams of everyone and everything in the G7 (see 2008 Outlook in Tedbits Archives at www.TraderView.com for more about the Wolf Wave) Hoarding of cash is the order of the day by frightened risk managers within the financial and banking sectors, and their actions are “domino”ing to consumers, businesses and governments who are trying to gather cash for the unfolding rainy day on their doorsteps. Entities that are highly indebted and savings short are revealing, as Warren Buffet so aptly put it, who has been swimming naked!

Take a look at this chart from Friday's New York Times, as it provides a roadmap of what we can expect in coming quarters as the wolf wave unfolds:



Of course, the unemployment figures in this illustration are statistical lies, courtesy of the Bureau of Labor Statistics (the job losses are nearer the previous lows as reported by many other economic commentators). Friday's decline was understated as employment is in freefall and has been for maybe a year now. Thank you Pinocchio George and Co. *I believe there is a high probability that the Stock markets will decline spectacularly in the not too distant future echoing home prices and unemployment.* As outlined in "Crossroads" (see Tedbits Archives at www.TraderView.com) the markets have broken lower out of their triangles and point to a decline of 10 to 15% on the near horizon. The VIX is trending higher, signaling that unfolding volatility is increasing on a regular basis. Banks and brokers finished their first quarters on March 1st and you can expect NEGATIVE pre-announcements in the NEXT TWO WEEKS.

The Federal Reserve's financial firefighters are pouring liquidity on to the illiquid sectors of the economy in an ever-aggressive manner as they expanded the Term Auction Facility "TAF" to \$100 billion dollars, committed to \$100 billion dollars of new REPO's, widened the definition of eligible securities and broadened who could access the lending window.

A total of \$200 billion dollars is set to hit the financial industry's fragile balance sheets starting last Friday. They are unable to print the money fast enough to fill the empty pools of bidders in "OVER THE COUNTER" markets. In a screw-you moment the previous market makers at the money center and investment banks have abandoned the job of providing liquidity to the customers of their investment products of all types. It's now "man the lifeboats" and "every man/investor for himself!" The consequences will be very ugly for us all. Hi ho hi ho it's off to the printing press we go!

Look no further then the 330 billion dollar Auction Rate Securities Markets used by municipalities to fund themselves. Created by these TRUSTED investment and banking behemoths, these products are eerily similar to SIV's and conduits with the municipality as operator. It is failing completely as the former market makers now cower and throw the municipalities and the lenders to them to the WOLVES! Who do you think dreamed these issues up and implemented them? Money center and investment banks, who else! Abrogating their responsibilities as financial intermediaries in these products THEY THEMSELVES created. These are Roach Motel moments as investors who checked in can now not check out! (See Roach Motels in Tedbits archives at www.Traderview.com). They were bought by investors who trusted these big names and now are seeing their true colors.

Credit and credit default spreads widen relentlessly as margin calls and deleveraging forces more and more poorly-prepared and under-capitalized investors to dump HIGH QUALITY issues like hot potatoes. They are dropping them into very illiquid, over the counter markets causing the spiral in the subprime markets to widen relentlessly into higher quality issues. Thornburg mortgage is on the edge of bankruptcy and their book of mortgages is in very fine shape as mortgage securities are downgraded by the mark to the market realities caused by bank risk managers' margin calls.

Carlyle Group is unloading over 20 billion dollars of Fannie and Freddie guaranteed mortgage securities which they had leveraged at almost 30 to 1. A three percent down move in those securities has pushed them into near bankruptcy, ipso facto 20 billion of Triple AAA securities are thrown into near bidderless markets. The bank that loaned them the money should be required to hold them, as, even though these GSE's (Government Sponsored Enterprises) are actually bankrupt themselves, they ARE still children of Washington DC and will not be allowed to fail! See last weekend's Baron's for a full rundown on Fannie Mae's looming insolvency. Hi ho hi ho it's off to the printing press they will go!

Bill Gross of Pimco did a coup this week as he helped himself to a heaping serving of Thornburg's high-quality portfolio at distressed fire sale prices. A classic Warren Buffetesque move from weak-to-strong hands transfer. He acknowledged that he expects double-digit returns. Assets moving from weak hands to strong at deep discounts, you will see this over and over again until the problems have been worked through. You must consider using these men's investing acumen to mimic their moves in your own portfolios! But Be Careful. FEAR (false evidence appearing real) is a powerful investment opportunity for these men.

Ambac raised 1.5 billion dollars from a group of banks from which they have bought insurance. Originally the bailout was to be \$15 billion; can you say COLD FEET and throwing good money after bad? CNBC's Charlie Gasparino has totally destroyed any shred of credibility he may have had after reporting this story over and over as the boy who cried wolf: Every report he made sparked a rally based on HIS false information that subsequently failed with the reality of its inaccuracy. Most

people would be jailed for these types of false reports. When you see his face you should switch to Bloomberg.

In conclusion: You could feel the air get sucked out of the markets last week. A true “throw the baby out with the bathwater” moment appears to be directly ahead. The \$200 billion dollar injection by the Federal Reserve signals the coming tsunami of money creation that is at hand. Libor (London Interbank Market) is spiking again, signaling deep stress in the interbank market as rumors of a BIG financial institution going under prompt banks to hoard cash from each other.

Two year notes fell to about 1.5% yield, Fed funds signals an imminent move 75 basis points lower to 2.25% -- 1.5% should materialize before we see Memorial Day. Interest rates are negative and are going to remain so for a long time. A bag of dirt will rise in price in this environment. Commodities hit new highs as did the spread on 10-year tips (inflation protected securities) signaling the anchors on inflation expectations being snapped away. *The implosion in many debt markets also reflects the pricing-in of the “loss of purchasing power, present and future” of the paper in which the fixed income instruments are priced. It’s only the beginning.*

The purse strings of the financial and banking system have been drawn closed and everything is being unloaded as de-leveraging is the order of the day. The investment and money center banks have abandoned their progeny and customers to the imploding OVER THE COUNTER markets they created, and now their counters are closing. Credit card issuers are busily reducing credit limits and home equity lines are being withdrawn. The financial and banking systems appear to need to be recapitalized by 700 billion to a trillion dollars and, since this is an election year, you can expect this to materialize along with bailouts of individuals as well.

The stock prices of the financial and banking industries are a direct reflection of their balance sheets, when they slide under book value you know book value is misstated. The reflation necessary to revive the banking industry and the other parts of the U.S. economy are going to dwarf what has gone before. This was predicted by Tedbits over 9 months ago in the original “Fingers of Instability” where we first covered the unfolding Wolf Wave. So it’s ONCE AGAIN: Hi ho hi ho off to the printing press we go....

Volatility is opportunity and it is abundant...EVERYWHERE! Learn to tame it and make it your servant, not your master. You should be having a FIELD day with your investments, and if that is not the case you know what to do! MORE HOMEWORK AND PREPARATION. Don’t hide - cash is highly RISKY at this point and subject to confiscation by FIAT printing press and credit creation. FEAR is rampant, use it like a pro.

I will be writing a ditty on commodities next week and it will be a tour de force. Don’t miss it!

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Tedbits is authored by Theodore "Ty" Andros, and is registered with TraderView, a registered CTA (Commodity Trading Advisor) and Global Asset Advisors (Introducing Broker). TraderView is a managed futures and

alternative investment boutique. Mr. Andros began his commodity career in the early 1980's and became a managed futures specialist beginning in 1985. Mr. Andros' duties include marketing, sales, and portfolio selection and monitoring, customer relations and all aspects required in building a successful managed futures and alternative investment brokerage service. Mr. Andros attended the University of San Diego, and the University of Miami, majoring in Marketing, Economics and Business Administration. He began his career as a broker in 1983, and has worked his way to the creation of TraderView. Mr. Andros is active in Economic analysis and brings this information and analysis to his clients on a regular basis, creating investment portfolios designed to capture these unfolding opportunities as they emerge. Ty prides himself on his personal preparation for the markets as they unfold and his ability to take this information and build professionally managed portfolios and developing a loyal clientele.

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