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B.S. is Wall Street's official language

Funny how the bulls' talking points are the same, cycle after cycle

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ARROYO GRANDE, Calif. (MarketWatch) -- One of the most salient features of our culture is that there is so much B.S., says Princeton Prof. Harry Frankfurt, writing in a none-too-subtly-titled bestseller that does not make use of the less offensive initials most print journalists are constrained to use for his topic.

And B.S. is nowhere more pervasive than on Wall Street, where it's the official language. Want proof? The most obvious is the fact that Wall Street analysts scream "buy" about 95% of the time. They're born B.S.ers! Wall Street is relentlessly bullish in both the bull and bear phases of bull/bear cycles. Wall Street is addicted to B.S., its official language.

The "official" quality became obvious while reading "Bull! 144 Stupid Statements from the Market's Fallen Prophets." Published in 2003 during the recession, it was recently sales-ranked #508,557 on Amazon. Why so low? Because "Bull's" message was so threatening that Americans mentally block it.

Nevertheless, "Bull!" should be republish, updated as a sequel. Why? In three short years many of the "Fallen Prophets" have resurfaced, like those zombies, vampires and ghouls in "Night of the Living Dead." They've come back as "Newly-Resurrected Prophets" to haunt and taunt us American investors with more B.S.

As you read the following dialogue from "Bull" imagine you're sitting in a dark theater watching a horror thriller, like "Fright Night," "Friday the 13th" or "Halloween." Sense the déjà vu. Sense your repressed memories. Slowly recall how terrifying it was back in 2000.

See this old horror story in wide-screen Technicolor and pounding music with high-tech graphics: Hopefully the experience will exorcise the B.S. buried deep in your subconscious, and remind you of the trauma of those dark days right after the Millennium celebrations, when stock P/E ratios fell from the stratosphere, when the 100% dot.com returns vanished -- and yet Wall Street tried to hide the bear and recession under endless B.S.

We selected 16 of the best quotes put together by Greg Eckler and L.M. Mac Donald, the authors of "Bull!," reshuffling them in logical time sequence. They tell a fascinating story about how B.S. drove the 1999 run-up. And how, even after the bubble exploded and the bear was mauling them, Wall Street kept B.S.ing America, incapable of stopping its addiction to the official language.

As you read this script, note that although specific facts are different today than six years ago, the dramatic motivation driving today's dialogue is the same as earlier for all these B.S. artists. Also remember, the Dow peaked at 11,722 in January 2000 and didn't bottom for 32 months, in October 2002 at 7,286, losing \$8 trillion in market cap along the way.

So please sit back in your theater seats folks and enjoy the popcorn. Listen closely for the consistent subtext and the plot driving Wall Street. Listen especially to all the B.S. that makes today's bull cycle a rerun of all prior cycles droning on late night television, because nothing really changes for Wall Street bulls, thanks to the consistency of their official language:

March 1999: **Harry S. Dent**, author of *The Roaring 2000s*

"There has been a paradigm shift." (Translation: "This time it's different, a New Economy!")

October 1999: **James Glassman**, author Dow 36,000

"What is dangerous is for Americans not to be in the market. We're going to reach a point where stocks are correctly priced, and we think that's 36,000 ... It's not a bubble. Far from it. The stock market is undervalued." (Warning, don't choke on your popcorn!)

December 1999: **Joseph Battipaglia**, market analyst

"Some fear a burst Internet bubble, but our analysis shows that Internet companies account for only 7% of the overall Nasdaq market cap but carry expected long-term growth rates twice those of other rapidly growing segments within tech." (The Internet Index lost two-thirds in the next six months.)

December 1999: **Larry Wachtel**, Prudential

"Most of these stocks are reasonably priced. There's no reason for them to correct violently in the year 2000." (Fact: The Nasdaq lost 50% in 2000.)

December 1999: **Ralph Acampora**, Prudential Securities

"I'm not saying this is a straight line up. I'm not saying you can't have pauses. I'm saying any kind of declines, buy them!" (He also predicted a 14,000 Dow by the end of 2000 and an 11-year bull.)

February 2000: **Larry Kudlow**, CNBC commentator

"This correction will run its course until the middle of the year. Then things will pick up again, because not even Greenspan can stop the Internet economy." (He's still an economist, hosting his own show.)

April 2000: **Myron Kandel**, CNN

"The bottom line is, before the end of the year, the Nasdaq and Dow will be at new record highs." (Later in September he predicted a rally to 12,000 by election day.)

September 2000: **Jim Cramer**, CNBC commentator

"SUNW probably has the best near-term outlook of any company I know." (Within four months Sun Microsystems went from \$60 to \$30, down to \$10 in a year, below \$3 in two years.)

November 2000: **Louis Rukeyser** on CNN

"Over the next year or two [the stock market] will be higher, and I know over the next five to 10 years it will be higher." (We crashed, fell into a recession, and in two years tech lost 70%.)

December 2000: **Jeffrey Applegate**, Lehman strategist

"The bulk of the correction is behind us, so now is the time to be offensive, not defensive." (That's a sucker's rally.)

December 2000: Fed Chairman **Alan Greenspan**

"The three- to five-year earnings projections of more than a thousand analysts, though exhibiting some signs of flattening in recent months, have generally held firm. Such expectations, should they persist, bode well for continued capital deepening and sustained growth." (And the curtain opened revealing the Wonderful Wizard of Oz.!)

January 2001: **Suze Orman**, financial guru

"In the low 60s here, I think the QQQ, they're a buy. They may go down, but if you dollar-cost average, where you put money every single month into them, I think, in the long run, it's the way to play the Nasdaq." (The QQQ fell 60% further.)

March 2001: **Maria Bartiromo**, CNBC anchor

"The individual out there is actually not throwing money at things that they do not understand, and is actually using the news and using the information out there to make smart decisions." (Yes, she's serious.)

April 2001: **Abby Joseph Cohen**, Goldman Sachs

"The time to be nervous was a year ago. The S&P then was overvalued, it's now undervalued." (Unfortunately, the markets continued down for another 18 months).

August 2001: **Lou Dobbs**, CNN

"Let me make it very clear. I'm a bull, on the market, on the economy. And let me repeat, I am a bull." (Within a year the Dow and Nasdaq lost a third more).

June 2002: **Larry Kudlow**, CNBC

"The shock therapy of decisive war will elevate the stock market by a couple thousand points." (He also predicted the Dow would hit 35,000 by 2010.)

The Dow didn't bottom until October 2002. The Iraq War started in April 2003. Soon after, Enron, Spitzer and Sarbanes-Oxley were distracting us from all the B.S. of the 2000 crash, the bear market and the 2000-2002 recession.

And today we must listen to reruns, replayed over-and-over in B.S., the official language of all Wall Street cycles.

<http://www.marketwatch.com/news/story/official-language-wall-street-bulls/story.aspx?guid=%7B52D97D6A%2DB5BB%2D4037%2D8301%2D64C56055401D%7D>