

DEAD CATS

On Wall Street, there is talk of a dead cat bounce. That's when the markets move higher, the suckers start buying and the smart money shorts stocks or heads for the sidelines. A few days or weeks later, the dead cat smacks the pavement again. Hard.

That's happening all across the globe. From their recent highs, major foreign stock markets have fallen:

- **16.5 % in the United Kingdom**
- **20.3 % in Germany**
- **22.5 % in Hong Kong**
- **32.1 % in Mexico**
- **38.5 % in Japan**

In Canada, the Toronto Stock Exchange index is down 33.0 percent. The three key U.S. markets are down, too. The NASDAQ is down 62.7 percent; the Standard and Poor 500 is down 27.9 percent; and the Dow Industrials are down 19.9 percent.

Gone are the days of the “wealth effect” when consumers could find easy credit, cash in on their capital gains, and spend feverishly. Now consumers are tightening their belts. Businesses are, too.

Manufacturing companies are slashing inventories and laying-off workers. Daimler-Chrysler grabbed headlines by laying-off 26,000 workers. Its subsidiary Freightliner then laid-off 1,084 IAM members.

The numbers continue to mount. Quality Veneer & Lumber closed two mills in Oregon and 250 IAM members lost their jobs. Dorsey Trailer closed a factory making truck trailers in Alabama and another 700 IAM jobs disappeared. In Ontario Province, Visteon closed an auto parts factory with 1,200 IAM members in the unit.

Don't be fooled by the “experts” who see a quick recovery. What is happening on Wall Street and across the globe is very, very serious. If history is any guide, it will take many months for these economies to recover.

3/26/2001 : #02

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An Internet Bulletin for IAM Communicators

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