

# 1-11-2011 TUESDAY AFTER LUNCH MONEY MEMO

By the Financial Foghorn

## FOOTBALL GAME OVERRUN BY CORPORATE GREED

*“The Tao produces all things...yet does not boast of it.” Tao Te Ching*  
(The following are solely my opinions; far be it for moi to trade libel a company.)

America had its National College football championship game yesterday. The odds favored Auburn by a field goal, and that's what they won by, 22 to 19 over Oregon. History will record the brave performances of the defenses, and how they stopped two powerhouse offenses. An Oregon team that had averaged almost 50 points a game was held to 19.

Auburn's Heisman Trophy winner Cam Newton scored, fumbled, and looked all but mediocre.

1. History won't record what changed in this game...the same thing that killed boxing – TV money. This was the first time that a national title game in college football has been broadcast by a cable network, ESPN, owned by the Disney company (DIS). The Oregon Ducks were upended by Donald Duckau. You had to be paying for TV on cable or satellite to watch the game. 10% of households don't pay for TV, but I didn't hear the glib TV commentators mention the sudden disenfranchisement of 10 million households. What, they took away the free meals on airplanes and nobody noticed?



There were 35 Bowl games this season, a whole new level of stupid excess in pursuit of money-grubbing for colleges who enslave young men to risk injury on behalf of “amateur athletics.” And don't get me started on the necessity of the *Beef O Brady's St Petersburg Bowl?* or the *R&L Carriers Bowl?* What happened to the *Tidy Bowl* bowl? Did the little blue boat captain decide the whole thing was just too stupid and putt putt away? **Anyway, 33 of these bowl games were broadcast by ESPN.** ABC (Disney) had the Outback Bowl, FOX had the Cotton Bowl. CBS and NBC had bupkis.

Well, now you know why the cable companies are slugging it out behind the scenes over how much ESPN wants to be paid for its sporting lineup. It's because ESPN offered the NCAA budget department humungous money, and got control of major sports, and intends to pass those costs along to the cable buyers...you and me. Soon, the World Series, the NBA Finals, and no doubt the Super Bowl, will only be seen on pay TV. <http://msn.foxsports.com/collegefootball/story/auburn-tigers-win-over-oregon-ducks-in-bcs-championship-game-lives-up-to-hype-for-espn-011011> (CF: ESPN announced that the 2<sup>nd</sup> day of the Masters golf tourney will be on them this year.)

2. We never got to see Oregon operate its high speed offense. Oregon's vaunted no-huddle playing style didn't work because the almost constant commercials kept giving the Auburn defensive players time to breathe and recover. The Ducks didn't get to roll over their winded opponents in the fourth quarter. TV commercials determined the outcome just as if ESPN were on the field refereeing the game.

Hell, if you're going to take 3 hours and 45 minutes to broadcast a 60 minute football game, Mr. Mouseschwitz, why not sizzle it up a LOT? Why not put the players on elephants or have live cheetahs on the field and really make a fucking spectacle out of it? Why not have regularly scheduled "wardrobe malfunctions" during the halftime show instead of marching band geeks? Why not have naked cheerleaders fly fishing on the field for the drunken carp in the stands? Think about it. You could charge more for "broadcasting" rights...get it?

3. And a shout out to Fox Sports TV for teaching the other networks how to overpay for broadcasting rights and then smother the athletic contest in noisy, annoying, repetitive, degrading, soul-deadening commercials. You do know that TV companies earn higher profits than oil companies, don't you?

### **REENACTMENT OF FF**

As you may have noticed here, the Foghorn has decided to reinsert himself as a blogging essayist...but on an indeterminate, irregular, semi-quasi-weekly basis. He's still writing on Tuesdays after lunch...but on certain Tuesdays when he doesn't really have anything to say...he won't.

So...having reviewed my portfolios and determined that I have no Disney shares anywhere, I have a comment or two on overhyped US stock markets and their steady ascent to the heavens. Emerging markets are already tanking; we won't be far behind. (Thank you for the following, Mr. Rosenberg):

The VIX volatility index, is at 17.5x, back where it was in April 2010. Do you remember what happened next?.

Investors Intelligence bullish sentiment is back to where it was at the all-time market highs of October 2007.

As Kelly Evans asserted last week, the AAI investor sentiment poll has been above its historical norm now for 17 weeks - the longest stretch in six years.

The non-commercial accounts on the Chicago Merc have recently opened up a considerable net speculative long position in equities, particularly the QQQ's (NASDAQ stocks)...i.e., the little guy is "in."

Market leadership is narrowing, as Bob Farrell has been busy pointing out.

Since July, margin debt has exploded by 16% to \$274 billion, the most since September 2008 when people who listened to the FED still believed we were headed towards a "soft landing" amidst marshmallows and butterflies.

Equity mutual funds and ETFs took in \$24 billion in December (Trim Tabs data)... The last time we saw retail inflows like this into equities was last March...just ahead of a 17% correction. The little guy thinks things are good.

John Williams notes at [www.shadowstats.com](http://www.shadowstats.com) that M3 has been contracting, and when M3 contracts, the economy contracts within 2 or 3 quarters.

Meanwhile, over in the housing market, there are absolutely no signs of

excessive exuberance. In fact, the banks are still putting owners in body bags. Robert Shiller says we have another 30% down to go.



This is what market tops look like. Yes, Apple and the iPad, and 4G stuff may make you some money. But, take my word for this, TECH WON'T SAVE YOU!. Markets now are like how the babe looks AFTER you've enjoyed the contents of the liquor bottle. (Ok, I said that to stick the babe pic in here. Sue me.)

Seriously, look back to March of 2000 and observe the hydrogen NASDAQ blimp soaring at 5000 over inflated beliefs and valuations. Now, NASDAQ is at 2600-TEN years later. Stock markets are overpromoted like a college championship football game on TV. California, Spain and Japan will struggle this year, as will retailers, colleges and car companies. Oil and inflation will be up. Don't get cocky. Chill.

But stick with gold and silver. Yes, gold could dip to \$1250 an ounce and yes, froth is visible and a correctification is possible with the shares, but the QE2 ship and subsequent sailings of the QE3, 4, and 5 ad nauseum will float our gold and silver friends to much higher ports. (Along with food prices. Shop now.)

FF doesn't own DIS. He has no intention of owning it...ever. That's ever!

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"Financial Foghorn's Guide to Gold--

Get Rich, Get Happy, and Get to Heaven" with Monetary Metals."

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