
Wall Street Quakes - New Financial World Order Dawns?

Tuesday, 16 September 2008

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Wall Street Quakes

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A New Financial World Order Dawns

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- Late Breaking Bulletin - Tuesday 2:45 pm EDT

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US Federal Doesn't Cut Interest Rate

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The US Federal Reserve Bank ended its monthly meeting on Tuesday afternoon with a vote to maintain current interest rates, despite Wall Street expectations that the FED would drop interest rates by at least a quarter point, to maintain liquidity and confidence in the investment markets.

The Fed's decision shocked many Wall Street analysts and raised fears that the FED was not doing enough to prevent a total collapse of the investment and banking communities. The FED also chose not to intervene to save the world's largest insurance company, AIG Corp which is teetering on the edge of bankruptcy. Some Wall Street rumors claim that AIG will likely be forced to file for bankruptcy, in the next few hours or days.

One rumor, claimed that a source within the New York state government reported that AIG must resolve the problem of liquidity by the end of business on Tuesday, September 16. We're not sure that this rumor has any merit but various TV Business networks such as CNBC and Fox Business Channel are reporting that AIG's demise appears imminent without some sort of rescue deal.

For more on the FED's rate decision - [LINK HERE](#). For more on AIG - [LINK HERE](#).

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Below are updates from 11 a.m. EDT on 9-16-8

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Lehman Bros Goes Down

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The financial investment firm, Lehman Brothers filed for Chapter 11 bankruptcy on Monday, September 15 triggering a financial earthquake on Wall Street and around the world.

Lehman found itself collapsing amid the credit crunch and mortgage crisis. The investment firm had spearheaded risky leveraged investment devices called "derivatives" based on real estate investments and mortgages. When the value of real estate declined Lehman's holdings on highly leveraged 'derivatives' became worth less and less, eventually amounting to worthless paper values.

Lehman Brothers was not alone in making such investments and in peddling such investments to other corporations. Joining Lehman in the financial orgy of high-risk speculation was the investment firm, Bear-Sterns, which was rescued earlier this year in a bail-out supported by the US Federal Reserve Banking System. That rescue was made by J.P. Morgan Chase Bank to whom the "Fed" supported in the take-over.

Other firms also at risk in derivatives included the historic Merrill-Lynch brokerage house which was also on the verge of bankruptcy this weekend, but was rescued by Bank of America with Federal Reserve support. Many other firms remain at high risk. Most notable of the names of firms being bandied about as next to collapse - AIG Corp, the world's largest insurance company.

The problems are not limited to merely American firms. UBS (United Bank of Scotland) and other European banks are also in danger of bankruptcy.

Ultimately, the entire international investment banking system is on the verge of collapse. One Wall Street analyst was quoted earlier today as saying that today marks the beginning of "a new financial world order." Don't be surprised if you hear that phrase quoted again and again in the coming days ahead.

Stocks Drop

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Stocks dropped from the opening bell today amidst the fear and near-panic on Wall Street. The New York Stock Exchange's Dow Jones 30 Industrials closed down more than 500 points as fresh selling poured in when word reached the Street that the US Federal Reserve announced it would not attempt to bail out AIG, the world's largest insurance company. Wall Street had assumed that Lehman and AIG were simply "too big" for the Feds to allow bankruptcy of those two firms. As Wall Street comes to grips with the realization that no firm is too big to fail, investors now wonder who are the next companies to collapse.

One noted Wall Street analysts, Art Cashen, noted this morning in an interview on CNBC that if Monday's stock trades didn't show a rebound on the close, then more selling would be likely on Tuesday and if new lows were made on Tuesday and Wednesday then the stock markets would be technically poised for a sharp drop down in stocks.

The damage being done to investment firms and insurance companies carries over to numerous mutual funds and pension plans. More than one technical analyst believes that the next "leg down" for stocks and the Dow Jones 30 Industrials could drop to half of value from all-time record high prices. In the case of the Dow Jones 30 Industrials, that would translate out to around the 7,000 level. The DJIA closed Monday at 10,917, down 504 points. It was the largest one-day drop since September 11, 2001 after the terror strike on the World Trade Center towers. It also comes just one week after the Feds rescued the two big home mortgage giants, Fannie Mae and Freddie Mac .

Future Ramifications

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The A-O Intelligence Digest edition for Sunday/Monday has been delayed while awaiting more information from our market contacts before providing additional analysis as to how this financial crisis impacts on Biblical Prophecy.

This financial crisis seems poised to affect geo-political developments around the world, including in the Middle East. It may embolden Iran, Syria, terror groups, or Russia to make unexpected moves diplomatically or militarily. Undoubtedly, the economic crisis may create a tectonic shift in various geo-political alliances, including Persian Gulf nations and China.

The A-O Intelligence Digest will probably be able to provide special insight and analysis on these issues and aspects in

the next 24 to 48 hours, in addition to other ominous geo-political developments transpiring in the past 4 to 5 days.

For mainstream media coverage of the Wall Street Crisis see the links below.

Read at least one or two of the newswire stories to get good background, then read what really happened over the weekend behind closed doors at a meeting hosted by the Federal Reserve and the US Treasury Dep't. [LINK HERE](#).

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Who's Next After Lehman?

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[LINK HERE](#)

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AIG Tumbles - Situation Deteriorating?

The world's largest insurance company is on the verge of collapse. Media reports indicate that AIG Corp may be forced into bankruptcy if no one comes to the rescue. Conflicting reports/rumors on Wall Street on Tuesday swirl around whether any banks or the US Federal Reserve will rescue AIG. The US Fed Reserve is meeting at this posting as speculation swirls around what decision the Fed will reach concerning AIG and interest rates. More details, [LINK HERE](#).

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Russian Stock Market Crashes

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"This is a good old-fashioned panic", said Steven Dashevsky, head of research at Unicredit in Moscow. "It doesn't feel like there is anyone domestically that can put the brakes on."

Oil stocks tracked the price of Brent crude, used as a benchmark for Russian oil sales, as it sank below \$90 a barrel. Gas giant Gazprom fell 8.3 per cent to Rbs98 and Lukoil dropped 12 per cent to Rbs1,355.51.

“The fundamental issue is oil. Russian oil companies are not producing more so their earnings are dependent on a rising oil price,” said Daniel Salter, analyst at ING. If the oil price falls, then earnings downgrades are in the pipeline for these stocks, he added. More details - [LINK HERE](#).

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US Fed Reserve Meets

[LINK](#)

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Stocks Slide Most in 6 Years on Monday

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[Bloomberg News LINK](#)

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Lehman Goes Down

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[CNN LINK HERE](#)

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Former FED Chair Greenspan:

Once-in-a-Century Crisis

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Banks To Unveil Plan

To Restore Confidence

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Wall St CEO:

1,000 Banks May Close

In an exclusive interview with CNBC, Wilbur Ross, chairman & CEO of WL Ross and Co says he sees possibly as many as a thousand bank closures in the coming months. Ross said, "I do think a lot of the regional ones will (close0, just as they did in the last savings and loan crisis in the 1990s. You can watch a video clip of CNBC's interview with Ross, LINK HERE.

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