

Summer Winds

By Matthew Clark

Posted on September 7, 2011



Returning from a Labor Day weekend spent cleaning up after [Irene](#), here are some notes as I clean out the desk drawer of Summer 2011:

- I spent the first week of August with my family on Martha's Vineyard as the Dow Jones lost 1000 points, bond spreads blew out, securitized lending ground to a halt and the United States [lost its triple-A credit rating](#). Past that, it seems the market held things together pretty well in my absence.
- Not altogether unsurprising, but still notable that during the trading days following the U.S. downgrade, [treasury yields decreased](#), leaving some doomsday investors scratching their heads. Of course, the thing about betting on the end of the world is that you can only be right once.
- The third week of August saw the release of almost simultaneous reports that [residential mortgage interest rates](#) hit all-time lows and [residential mortgage applications](#) hit 15-year lows.
- Meanwhile, the FHFA is suing 17 or so of the nation's largest banks for billions in losses incurred during pre-bubble subprime securitizations. Many analysts are asking when (if?) the U.S. will stop [punishing banks](#).
- In mid-August, the Italian government passed significant [austerity measures](#) to forestall its (inevitable?) credit crisis. It'll be interesting to gauge popular reaction to the measures when the country returns from summer holiday in a couple weeks.
- Warren Buffet was able to pocket something north of [\\$700 million](#) in just under 30 minutes in his recent BOA purchase. It will take me *years* to make that kind of dough. And it represents a conundrum for shareholders – the investment is a welcome injection of capital, but is it a sign that our big banks are in worse shape than we thought?

- The most important lesson I learned as a result of the [August 23rd earthquake](#) is to hide under your desk – you’re much more likely to die from falling debris than to die in a collapsed building. The common reaction here in the Northeast was to get outside and try to outrun it.
- For 23 years, [Crossfire](#) aired on *CNN*. The concept was simple – you put righties and lefties on the air together and let them debate the matters of the day. Seems quaint in today’s world - the snarky, mean-spirited and misleading noise that passes for media-journalism on both *MSNBC* and *FoxNews* at this point is truly saddening.
- The President is expected to speak to Congress this Thursday about his plan for job growth. He’ll need to be succinct - Green Bay and New Orleans kickoff the [NFL season](#) at 8:30. The end of the NFL lockout is the only positive labor data we’ve had this year.
- Speaking of sports, *ESPN* has bombarded its viewers with hundreds of hours of the [Little League World Series](#) coverage this summer. Why is it that the best young American ballplayers get spread across a dozen regional squads, while Mexico gets to put its 9 best kids on the field at one time?
- In late July, the U.S. District Court for the District of Colorado in *In re DB Capital Holdings, LLC*, No. 10-CV-03031, 2011 WL 3236169 (D. Colo. July 28, 2011), refused to overturn a recent Tenth Circuit Bankruptcy decision holding that anti-bankruptcy prohibitions contained in an LLC Agreement were enforceable – an interesting decision that suggests maybe you *can* contract around bankruptcy. Click [here](#) to read a Dechert OnPoint further discussing this case in detail.
- I think we can all agree that [Gaddafi’s removal](#) from power after 42 years of despotism is a positive development. That said, I’m somewhat less convinced that the guys in the pick-up trucks driving around his front yard firing AK-47’s indiscriminately into the air represent a particularly stable alternative.
- In closing, dual congratulations to Stewart McQueen on the birth of his second daughter, and to the entire [CrunchedCredit.com](#) staff, for passing the 100 post-mark. Don’t worry Stewart – it’s much easier the second time around.