

# THE GREAT TECH WRECK CONTINUES

## SEPTEMBER 2002

I am still getting hundreds of e-mail messages a week from readers and investors still hoping and praying that their tech stocks are going to come back.

### WAKE UP PEOPLE!!

There is no magical time machine that will transport your stock valuations back to 1999. All the hoping and praying in the world is most certainly not going to resuscitate your beaten down tech companies. I have been on a mission trying to get this point across and convince investors to rid their portfolios of these virulent positions. Unfortunately, that endeavor is like finding an honest man on Wall Street, more often than not an exercise in futility.

As most of my readers and listeners know, I am a persistent chap and will try without sounding like a broken record to (whoops, we are talking about tech, should I say scratched DVD) get my point across again and again. However, this time I am calling in some reinforcements. The kind people over at Gartner Dataquest have put together some more sobering information on the direction of the technology sector.

### FIBER OPTICS

Only 35% of installed fiber in the United States is being used or "lit". From that amount, customers only use 11% of full capacity.

### PC's AND SERVERS

Consumers and businesses went on a buying spree prior to 2000. The current situation is that most companies have much too much power than they need. P.C. shipments will grow 1% in the United States this year and at the most 4% worldwide.

### STORAGE

Individuals currently use only one-fourth of the 29 gigabytes of capacity on the typical hard drive.

### SOFTWARE

In software lingo buying is based on total "**seats**" and many companies bought 20% to 100% more than they needed. The average company has 3,000 more "seats" than they use.

### ROUTERS

Corporate networks used a mere 10% of the capability of the routers they bought in 2001.

### TECH SPENDING

A recent survey found that business spending next year on technology would inch up by only 3%.

The latest word coming from those "**so called analysts**" is that technology stocks are cheap. This statement, unfortunately, for the people that actually still listen to the same gang of morons is a complete fallacy. The tech sector is loaded with volatile, overvalued, unstable companies that could implode at any time. These so-called stock analysts who have done such a wonderful job the past six years in their infinite wisdom are now "advising" investors to purchase the same

companies whose earnings are nonexistent and credit ratings are in the gutter. Just because a company is 80% off its highs, does not mean it is going to come back.

Webster's Dictionary defines the word "**glut,**" to flood (the market) with goods so that supply exceeds demand. I think they need to update their files. The word is now also synonymous with the technology sector. This past month Forbes Magazine reported that most tech companies have slashed their ridiculously bloated inventories in the past year. For example down 55% at Cisco, 19% at Dell, 41% at Corning. The problem is that most of the idiot analysts on Wall Street fail to see the big picture. Most of these cheerleaders have been upgrading these stocks based upon these inventory reductions. What they have failed to realize, or in many cases chosen to ignore, is the fact there are no buyers. No buyers, no profits, no profits, no higher stock price. Like it or not this is the reality of our financial markets today.