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The Federal Reserve chose to leave interest rates alone this week as credit worries continue to escalate. Can you give us your perspective?

Well, everyone has been reading about the credit and mortgage markets and the problems developing there. The Federal Reserve and the Treasury Department are keeping their eye on it. It's definitely unraveling and continues to unravel. The good news, if there is any, is that it seems as if it is staying fairly isolated within both the real estate market and the hedge funds and non-traditional players. I think that is a good sign. I think there will certainly be some pain as people get liquidated. Overall there is illiquidity in the stock market, which we believe is a short term phenomenon and we expect a bounce back as well clear up these issues.

What is your view of the state of the economy currently?

We are slowing. The headlines especially in the real estate area are going to cause people to pause this summer and fall due to the fact that their net worth isn't climbing as quickly, without rising home prices, as it has in the past few years (known as the 'wealth effect'). So we expect to see things continue to slow down from a consumer side. We don't think we're in jeopardy of any major recession – we think the Federal Reserve will respond much too quick for that to happen. But a slowing economy this fall is in the cards.

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