Market tops are seductive, crowded, raucous, faith-based affairs. Central bankers are lionized, technologists appreciated, businessmen lauded as they fill the government's coffers, gurus and charlatans elevated and economists cheered as they explain why the business cycle is no longer relevant. Capital is cheap and plentiful, taken for granted and abused.

Bottoms are grueling, demoralizing, faith-shattering and so lonely you can hear a pin drop. As bust exposes the boom's sins, the curtain is pulled back on its leading authorities. Risk-taking is punished, scandals revealed and scapegoats pilloried. Liquidity dries up, bids disappear and capital becomes precious again.

Where are we now? Despite the recent spike in 10-year Treasury yields and an uptick in volatility, investors appear unflappable. Guest commentary on CNBC continues to be universally upbeat. Even reporters routinely interject their own optimism and scoff at the occasional skeptic.

Earlier this year, strategists at 12 large firms were unanimous in forecasting higher stock prices this year for the first time since the end of 2000 (when the S&P 500 proceeded to drop 33% in two years). Over the past 453 weeks, Investor's Intelligence's poll of investment-newsletter editors has recorded more bears than bulls just nine times.

Money-market-fund balances are near an all-time low, 21.1% of mutual-fund and exchange-traded-fund assets. The Investment Company Institute reports equity-fund cash levels are at a paltry 3.7%, breaking the historic low of 3.9% set in May 1972 (prior to the worst bear market since the Great Depression).

Gurus have emerged to tell the masses what they want to hear. While Mad Money host James Cramer "just wants to make you rich," money manager and Forbes columnist Ken Fisher insists he invests by "knowing what others don't." Both recently published best-selling books, and both are very bullish.

A record $1.55 trillion in domestic takeovers took place in 2006, according to Standard & Poor's, and deal flow is running 60% higher this year. The "Bloomberg 20" investment banks raked in $34.9 billion in fees last year from mergers and acquisitions, up from $10.6 billion in 2002.

An estimated $7 billion resides in bear-fund and short ETF assets against $7.0 trillion in stock-fund assets. The Strunk Short Index used to track 25 short-bias hedge funds; that number has dwindled to eight or nine out of more than 9,200 hedge funds.

Speculators convinced of enduring asset inflation are standing-room only at the credit casino. The beneficiaries have been lenders, brokers, real-estate developers, money shufflers and purveyors of discretionary consumer items. From 2001-2005, 40% of new jobs were provided by real estate and construction. Over 45% of corporate profits now come from financing activity. The No. 1 S&P 500 sector weighting is financials at 22%. Of the current Forbes 400 members, 140 made their fortunes from real estate, investments or finance. Today 24 of 72 major sports stadiums have granted naming rights to financial firms, 14 of them banks. (Recall that 19% of the Stadium Class of 2000 -- including PSINet Stadium and Enron Field -- went bankrupt within five years.)

The residential real-estate bubble of 23 months ago has transmogrified into a professional-speculator bubble, adding appendages such as commercial real estate, hedge funds, and private equity. These "alternative investments" have been driven up by institutions attempting to generate outsized returns in a yield-starved world, simply by applying leverage.

There are now more bells ringing than at an Austrian downhill ski race.
On Feb. 9, Fortress Investment Group became the first hedge-fund manager to go public in the U.S. Although the offering was not exactly shareholder-friendly (negative book value, rich valuation, principals selling shares), "FIG" soared 68% its first day.

"The New King of Wall Street," Blackstone CEO Steve Schwarzman, graced the March 5 cover of Fortune, which featured the top 10 private-equity players. Blackstone recently sold a $3 billion stake to the Chinese and is expected to go public next week. A successful offering could raise Schwarzman's net worth to $12 billion, vaulting him from 73rd on the Forbes 400 into the top 20.

Goldman Sachs, arguably the greatest beneficiary of the booms in trading, hedge funds, private equity and structured finance, grew its balance sheet 21.8% annually over the past five years. During the February quarter, total assets exceeded total bank credit at the Federal Reserve for the first time.

"Liquidity" has become the siren song of the bulls. BusinessWeek apotheosized this rationale with its Feb. 19 cover, "It's a Low, Low, Low, Low-Rate World: Why money may stay cheap longer than you think."

With so many on Wall Street singing the same optimistic tune, is it time to get defensive and grab a chair before the music stops? Perhaps the adage by the late Humphrey Neill, the father of modern contrarian theory, applies here: "When everybody thinks alike, everyone is likely to be wrong."

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