1. Say goodbye to the individual investor on Wall Street. Whatever positive impression they had of the IPO market and the stock market in general was just torched to the ground. When everyone you know associated with the stock market is telling you and the media is confirming that this could be a huge IPO that will make money for those lucky enough to get shares and the opposite happens, goodnight. All confidence in the stock is destroyed. Put your money in the bank or if you want to gamble, at least slot machines in Vegas pay out 98pct.

2. The Valuation Bubble in Silicon Valley is bursting – but not for the reasons you think. Historically IPOs function as a means of getting stock to outsiders. People who were not sold/assigned/granted shares could only buy shares once they reached the public markets. The new secondary markets in private shares changed that. They allowed outsiders to purchase shares in a market with very little liquidity.

The demand for shares outstripped the supply and you know what happens when demand outstrips supply ? The price goes up. So shares of FB on secondary market went up and up and up. (Just as LinkedIn had done before them, but it greater volumes) When it was time to go public the IPO had to be priced higher than the prevailing share price on the secondary market.

To make matters worse, those folks who bought shares in the secondary private market, driving up the share price now had the shares they wanted to buy , so they were no longer going to be the buyers the IPO counted on to eat up shares in the open market.

Can you imagine how pissed you would be if you bought a boatload of Facebook thinking you got in at a better than IPO price only to watch the price on the open market post IPO drop below the price you paid in the private market ? Ouch.

The law of unintended consequences is that the dynamics for how private companies are valued and are able to raise Pre IPO rounds could quickly change if the prices and volumes on SecondMarket and its competitors declined significantly.

3. I always laugh at all the pundits /analysts who try to tell you what any non dividend paying stock is worth. Its a function of supply and demand. Its never fundamentals. Read what I wrote a long time ago about the stock market. In the case of facebook they put an ENORMOUS number of shares into the market. Too much supply. Valuation has no relevance what so ever. Conventional wisdom says the buyers of stocks will try to determine the value of a stock before they buy or sell and make the appropriate rational decision. Not even in a Richie Rich cartoon does that happen.

4. Mobile is going to crush Facebook. The logic for Facebook's price decline is that they have a problem in mobile. They can't offer all the games they can in a browser. They can't offer the same ads or branding opportunities. All true.

From the Wall Street Journal :
"As more people gravitate to smartphones and tablets, they're increasingly forgoing the desktop to the access the Web. Between 2008 and 2011, the percentage of U.S. adults who accessed the Internet from PCs daily grew to 62% from 54%. In the same period, the percentage of daily mobile Internet users rocketed to 26% from 4%, according to Forrester Research.

"People see this modality of consumption shifting from the PC to mobile," said Matt Murphy, a venture capitalist at Kleiner Perkins Caufield & Byers. "On top of that, mobile feels like it's much more the kind of wide open that anybody can win kind of arena."

All true as well.

However the same is absolutely true for every ad driven internet site. They face limitations in what they can offer on mobile vs what they can offer through a PC brower. Look at the Google search results on mobile. No where near the number of results. Thats fewer click and CPM opportunities and ZERO display ad opportunities. Of course Google has Android, but that still isn't generating much , if any revenue for them and it isnt currently designed to.

And then lets not forget Youtube. Everyone is supposed to be dumping TV and heading to video right ? Well how can that be if most online consumption is headed to mobile ? With so few mobile users having unlimited data plans, and that number most likely declining, then what is Youtube going to do when users start complaining and going nuts over the fact that they are having to pay for the data they use to watch Youtube mobile ads ? How many youtube ads have you seen on a mobile device lately ?

Which leads to a much broader question. **Just what percentage of PC Online usage will mobile displace** ? **Is it feasible that people will "cut the broadband cord" and live exclusively off of their mobile internet access ? Why not use your mobile as an in home hotspot rather than paying for 2 internet connections ?** If you avoid streaming video and downloads its easy to stay within your caps. Do you know anyone that has cut their broadband access to go exclusively mobile internet ?

Bottom line, if you think mobile will displace online usage from PCs then you should immediately short Google and other ad plays and buy TV stations and networks. If you can't buy an ad effectively on mobile and no one is using a PC to connect to the internet any more, then the only way to reach an audience is going to be via good old tv. And all that over the top video noise, forgettabout it.

I wonder what Netflix thinks about mobile vs pc online consumption ?

5. And in the interest of disclosure I bought 150k shares of FB. 50k shares at 33, 50k shares at 31.97 and 50k shares around 32.50. Its a trade, not an investment. Kind of like buying a Mickey Mantle, a Hank Aaron and a Barry Bonds Rookie Card knowing there is a card show in town next week