

Thank God It's Friday!

June 29, 2007



The Federal Reserve Bank gave us a gift to kick-off the 4th-of-July celebration. They met and unanimously decided **not to intervene**. Consequently, they are leaving interest rates alone to drift up & down according to market conditions. Why? Because they believe economic growth is “moderate” and that core inflation is not yet “elevated”. We concur.

You may recall the federal funds **target** has stood at **5.25%** since last June which is fine with us. Every time the Fed throws one of its tea parties, investors hold their collective breath to see the central bank's

remarks regarding the chance for any future moves. We've observed that many market watchers are still hoping for a rate cut at some point this year, and any language suggesting that could happen may bolster the market. We disagree and expect the free-trading bond market to influence rates. Also, we expect bonds to continue rewarding economic growth which it obviously perceives as adequate and non-inflationary.

The market has reacted positively to the FOMC statements over the last six months, therefore, this week all serious investors' eyes were glued to the tube for a reason to celebrate the Fourth in style. We got it. Let's celebrate.

This concludes our commentary for the first half of 2007. Our Summer Newsletter is on its way to you wherein we will tell you what we have done for you lately....and profile our plans for the next 6 months and beyond. Stay tuned and remember we are always a click away with interesting information on our website at www.bedellinvest.com. Your password for research access is “goniners”. Happy Fourth!

By: Jude Bedell

INDEX	06.29.2007	12.31.2006	%Change
DOW JONES	13,408	12,463	+7.6%
S&P 500	1,503	1,418	+6.0%
NASDAQ	2,603	2,415	+7.7%
Bond YIELD	5.03%	4.71%	+6.8%*

Bond Prices ↓ Bond Yield % ↑