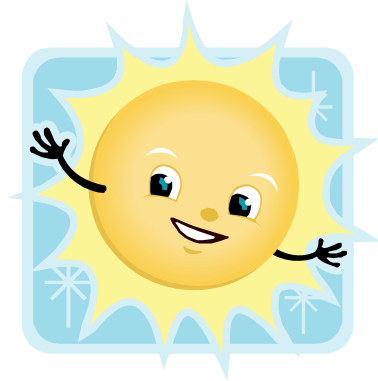




Thank God It's Friday!

May 16, 2008



Here comes the SUN. After nothing but negative news for the past three months, we spot the golden glimmer of sunshine on Wall Street. We've slogged through the sub-prime mortgage mess; watched it spill over to our banks and brokers; survived \$120 per barrel oil prices...not to mention **milk at \$4.49 a gallon!** Please. What's a mother to do? Unfortunately, we foresee no relief in food prices until energy comes down. As Yogi Berra would say: "A nickel's not worth a dime anymore".

Mortgage Backed Securities, CDO's, and other sub-prime bonds are once more trading with regularity. Even the US greenback is trading UP on the world markets. This is a sure sign a bottom is near and UP is within sight. How do we know? Because Fed Chairman Bernanke tells us so. Just this week, he said "some improvement" has begun to show following its aggressive interest-rate cuts. He reminded us that things are far from normal and Fed moves take time to filter down through the banking system. The Fed will resume normal operations once the stimuli from interest-rates and refund checks take hold. He concluded that preventing Bear Stearns failure avoided a broader liquidity crisis. We heartily agree.

What's next? Stocks should behave better from now on. The ensuing rally should be led by LARGE-CAP TECH STOCKS (think Apple, Google, Cisco). We are loading up on DEFENSIVE STOCKS (think Disney, Coke and Teva Pharma) which are recession-resistant and behave well in a slow economy and international companies that hedge their currencies. Energy drillers and alternative energy stocks continue to gain investor support. Solar is hot, if you'll excuse the pun.

Bond YIELDS are already heading up which signal a return of investor confidence and a return to liquidity. Municipal bonds look dirt cheap! Did you know that the bond market is TWICE as big as all the US equity markets combined? Yes, the US Bond Market is worth \$24 Trillion and is by far the largest securities market in the world. Honest!

Enjoy the sun and check out the adjacent BOX SCORE to note the rally has already begun.

By: Jude Bedell

INDEX	05.16.2008	12.31.2007	%Change
DOW JONES	12,987	13,265	- 2%
S&P 500	1,425	1,468	-2.9%
NASDAQ	2,529	2,652	-4.6%
Bond YIELD	3.85%	4.03%	- 4.4%*

Bond Prices  Bond Yield % 