

Thank God It's Friday!

August, 29, 2008



The unofficial last week of summer was anything but quiet. As you know, August tends to be the slowest month for the stock market as many on Wall Street go away on vacation. So while Wall Street was rather quiet, the political front was anything but. The energy in the Mile High City was felt from coast-to-coast as Barack Obama officially accepted the Democratic Party's nomination for President in front of a crowd of 80,000 people. Tune in next week, as John McCain will attempt to outshine it. In fact, just twelve hours later, he shocked the world, naming a little known Governor from Alaska as his running mate. History will be made regardless of the

outcome, with either the first African-American President or the first Female Vice-President. So the teams are set, and interestingly none of the four have strong economic backgrounds. All indications are that this election is going to remain tightly contested to the end.

With the summer winding down, we expect trading volume to return to normal levels. This should provide a better indication of the market's true health. Hurricane Gustav is expected to arrive Tuesday morning along the Gulf Coast and heightened concerns with Russia have reversed the freefall in crude, taking oil prices back towards \$120 per barrel. The menacing thorn in the Market's side is still around. Despite this, the DOW and S&P 500 closed out August in the green. This is a good sign.

The mad dash to November will be full of news, events and hype. The state of the economy and the price of energy will stay front and center. We expect both traditional as well as alternative energy investments to do well in this Market. Back to school season is usually a strong period for consumers, so all eyes will be watching retailers for computer and apparel sales. Health Care is another major theme for the election, and as the economy remains fragile, Health Care stocks continue to be strong.

The revised GDP report for the 2nd quarter showed a significant jump in the U.S. economy, to the tune of 3.3% growth, up from previously stated 1.9%. Still no recession to speak of. However, it feels like a recession, people are behaving like a recession, and the Market has suggested a recession. And remember, Americans historically vote with their wallets. Nobody has made that clearer than the entertaining Democratic strategist James Carville, who succinctly proclaimed in 1992, "It's the economy, stupid!"

INDEX	08.29.2008	12.31.2007	%Change
DOW JONES	11,544	13,265	-13%
S&P 500	1,283	1,468	-12.6%
NASDAQ	2,368	2,652	-10.7%
Bond YIELD	3.81%	4.03%	-5.46%*

Bond Prices



Bond Yield %



Let the race begin!

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