



Thank God It's Thursday!

March 20, 2008

(Our office will be closed tomorrow in observance of Good Friday)

A wild week on Wall Street ended on a very positive note. It was a week full of news and events driven largely in part by the credit crunch we are in. Monday brought news that struggling broker Bear Stearns was swallowed up by JP Morgan, with a big assist from the Federal Reserve. As if this wasn't enough to restore confidence in the market, Bernanke & Co. slashed interest rates by a whopping ¾%. This sent stocks surging on Tuesday to the tune of 400 points on the DOW. Amidst all the news flow, the most important event this week in our estimation was the fact that Goldman Sachs and Lehman Brothers reported very solid earnings, and are no threat to suffer the same fate as Bear Stearns. This was a big deal. This was a big week.

For weeks, we have been anticipating a stock market "bottom" to occur near January's lows. It is likely stocks will continue to test these lows in the coming weeks to form a solid "base". This means more volatility to be sure! The Federal Reserve earned respect from around the globe for its strong actions and effective financial leadership addressing the dire concerns of Bear Stearns liquidity mess and lowering interest rates to stave off recession. As a result of these bold moves, the US Dollar strengthened...stocks rallied and commodities sold off precipitously this week. Both Gold and Oil fell nearly 10%, a good sign for inflation, a good sign for stocks.

We are starting to feel that the worst may be behind us, as it applies to the stock market. The US housing market and overall economy still have further downward pressures.

Tuesday's rally was significant in that 90% of all stocks were higher, and

upside volume was 90% of the total. In addition, it was the largest one-day rally in 5 years. This is an important indication of selling exhaustion. There is a massive population of potential buyers sitting on the sidelines, who remain skeptical. People who wait for confirmation of good news are usually late to the party...and you know we never miss a party.

By: Mike Frazier

INDEX	03.20.2008	12.31.2007	%Change
DOW JONES	12,361	13,265	-7%
S&P 500	1,330	1,468	-9%
NASDAQ	2,258	2,652	-15%
Bond YIELD	3.33 %	4.03%	-17 %*

Bond Prices ↓ Bond Yield % ↑