



**Thank God It's Friday!**

**February 20, 2009**

*It was the best of times, it was the worst of times,  
it was the age of wisdom, it was the age of foolishness,  
it was the epoch of belief, it was the epoch of incredulity,  
it was the season of Light, it was the season of Darkness,  
it was the spring of hope, it was the winter of despair.*

- Charles Dickens, The Tale of Two Cities

Charles Dickens was a gloomy guy whose prose is totally on-point for today's mood on Wall Street. It properly paints the extreme emotions driving investors' decisions.

As the US financial system is rescued by the Federal Government, we need to let go of the naïve theory that there is a better plan. The government's very raison d'être is to serve as the lender of last resort. Sure, there are alternatives, but none that are quick enough nor deep enough to stop the downward economic spiral NOW before matters deteriorate further. For instance, allowing the likes of GM and Citigroup slip into the sea is NOT a viable option: too many jobs would be lost and too many dominos would ensue. Look what happened when the government let Lehman Brothers go broke in September. It was the worst of times. It was the age of foolishness...and the epoch of incredulity. In contemporary speak: February would not be this bloody had the US government played its proper role in September as lender of last resort.

The Geithner Plan for remedial bank recapitalization has teeth. If only we give it the TIME to trickle down through our banking system and mortgage network. We believe the Geithner Plan can help repair credit and securitization markets. It should create Dickens' spring of hope when the U.S. economy should begin to show visible signs of stabilization and improvement. Yes, we believe businesses and consumers alike may have to "leg it out" for the next 2-4 quarters, but beyond this time frame profitability should re-emerge.

Obama's Mortgage Plan is small at first glance but has elements that are both appropriate and adequate to stave-off further mortgage foreclosures. It aims to stop the bleeding. We hail the part of the Plan addressing the abuse of people buying houses that their income won't support. Financial professionals have long advised that a monthly mortgage payment should not exceed one-week's pay. Sound familiar? \$75 billion will help 4 million homeowners who are at risk of defaulting. An additional 5 million homeowners can re-finance their payments and interest rates for government-guaranteed loans with Fannie Mae or Freddie Mac. Obama's Plan gave permission to Fannie and Freddie to lend an additional \$50 billion by buying stock in these mortgage companies. Lastly, the President took the time to again reiterate the need for more transparency and more personal responsibility in our housing and lending sectors.

Because this is an emotionally difficult market environment, it is more vital than ever to take the emotion out of your investing. There are countless great stocks trading at bargain-basement prices. The MARKET is problematic but individual STOCKS are not. For instance, APPLE, GOOGLE and TEVA are all UP nicely year-to-date. CHEVRON and EXXON will climb back once oil prices come out of the cellar. The Season of Light will again appear. In the meanwhile, please TURN OFF YOUR TV...except to watch the OSCARS this weekend.

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