



**Thank God It's Friday!**

**March 27, 2009**



It has been seven years since we first published our weekly TGIF. The roots lie with our involvement in the Contra Costa Times' weekly stock picking column that ran every Monday morning. We were among 10 firms in the area that competed. Our internal brain trust would get together every Friday afternoon to compare notes and come up with our weekly stock pick. The competition was a huge hit with readers and we enjoyed writing our weekly rationale report. We actually once received an unsolicited phone call on a Wednesday inquiring about our pick, so the eager investor could front-run and buy the stock ahead of time. We got a chuckle out of that.

You may recall that 2002 was a pivotal time for stocks. It was the worst of the 3-year bear market resulting from the tech-bubble bursting in 2000. Some column participants dropped-out complaining of bad PR. We were 1 of the last 3 left standing when and the Times decided to pull the plug on the endeavor shortly before stocks hit bottom in October 2002.

Since we enjoyed our Friday strategy sessions so much, and found value in putting our ideas on paper, we decided to bring it directly to you, our valued clients, as a way to communicate our thoughts and strategies in an efficient manner and hopefully provide some education and entertainment along the way.

Fast forward 7 years and we see some remarkable market parallels. Investor sentiment is worse today than it was in 2002. Bears still dominate Wall Street. Massive pessimism is a contrarian signal which indicates happy days are on the way. Back in 2002, interest rates were very low, following aggressive cuts by the Federal Reserve. 30-year fixed-rate home mortgages were locked-in today at 4.97%. Really!

Next week, we'll close the books on the wild and crazy First Quarter of 2009. This year, the MARCH adage was backward: March came in like a lamb and went out like a lion with stocks UP 20% in the last 3 weeks. This is the biggest 13 day move since the 1930's. Soon, you'll receive our SPRING NEWSLETTER focusing on our perspectives on the current business environment and where we're heading going forward.

Logically, we should soon see a correction of this recovery rally. However, this Market feels like it wants to go higher. Investors appear to be "buying the dips" for the first time in a while. Earnings season, which officially begins April 7, will be telling for the next direction for this Market, although our profit expectations are very low. Many corporations will consider March 31st a "kitchen-sink-quarter" into which they can toss any losses or write-offs they can gather.

As always, please don't hesitate to contact us with any questions or concerns. We value any feedback you have regarding the TGIF or any topics you would like us to cover for future publications.

Thank God It's Friday - have a great weekend!

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