



**January 21, 2008**

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**Calling All Cars**

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**Here is the quickest update yet.**

**Last week with Intel's bad earnings announcement, I was looking for investors to finally show real signs of despair and throw in the towel. After opening lower, stocks immediately rallied without the "Final Flush" I wrote about. That was not good.**

**Although I saw a few waves of panic selling on Thursday and Friday, they were not severe enough to end such a significant correction. Double digit declines typically need widespread capitulation to signal a bottom.**

**With the Asian financial markets ridden with fear and panic, I expect our stock market to open down 4-6% on Tuesday. That's roughly 500 - 700 points on the Dow, no doubt causing some incredible despair and despondence for investors.**

**Although the markets would have corrected no matter what, it certainly would not have been this severe if the Fed had acted responsibly. Ben Bernanke has done a great disservice to the investing public and I do not believe he deserves to be chairman of the Federal Reserve anymore.**

**I am a big believer in following the markets, and usually the bond market is more right than the stock market. For more than 2 months, the bond market has been pricing in more interest rate cuts by Bernanke & Co.**

**Recently, the yield on the two year treasury note has sunk to two full percentage points below the rate the Fed controls, the fed fund rate. Normally, they are very close together.**

**This is almost unheard of!**

**Ben Bernanke and his group could not be much more behind the curve had they tried to do everything wrong. They continue to worry about inflation when the financial markets are in a deflationary spiral.**

**Tuesday is going to be bad. And the short-term is murky, at best. But the Fed is going to be forced to act, likely in concert with the European Central Bank. This will begin the healing process, but it's going to take time. Investing is a marathon, not a sprint.**

**Every now and then, I copy a line from my good friend, Sam Jones. This is your "Calling All Cars" missive. If you have investable cash, now is the time to either add money to your strategy or open a new one with us. While I can't guarantee you this is the final bottom that will never be seen again, it is setting up to be one of the great buying opportunities this decade.**

**I urge you to PLEASE hit reply or call me directly to discuss at 203.389.3553. Do not wait until stocks rebound from this before contacting me!**

**And for those of you who just cannot stomach the volatility of the stock market or who seek a steady stream of income, please ask me about our High Yield Bond strategy. I think you will pleasantly surprised!**

**That's it from here. It's going to be bloody on Tuesday and maybe a bit longer. I expect rate cuts from both the Fed and ECB to signal the beginning of the end. Let's hope they get serious and deliver at least 3/4% immediately and another 1/4-1/2% shortly.**

**And please don't hesitate to contact me directly with any questions or comments. If you won't invest when the market is having a 20% off sale, when will you?**

## To Your Financial Success,



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