



Two quick non market comments first. First, I am scheduled to be on CNBC Monday at 11:05am after canceling last week as I was under the weather. With world events unfolding as I type this, there's always a chance they preempt me for someone important!

Second, I received a surprising comment last week via email regarding financial advisors that I want to respond to. When the stock market is in a bull run and marching steadily higher, this is the easiest business in the world. And it pays well too! For the most part, whether you are good, bad or mediocre, you can make money for your clients and not overwork yourself.

During tough times, the creme of the crop communicate more with their clients through phone, email and letters. The mediocre and bad advisors stop answering their phones and returning calls. If you are paying someone to watch your money, you deserve outstanding service in good times and in others.

I find it nauseating to hear stories about clients being neglected because an advisor doesn't want to own up to portfolio losses. Investing is not a riskless game. We all go into it with eyes wide open as partners.

If you are not receiving outstanding service and a high level of communication during the most turbulent times of the modern era, it's time to change advisors. It's that simple. Myself included!

Don't sit back and assume that everyone is being treated as poorly as you because that's simply not true. Complacency has no part in successful investing. Speak up and take action!

On to the markets...

Over the weekend, we saw three major policy changes that I am still digesting. The U.S. Treasury announced they will be injecting capital, along with their European counterparts, in to major financial institutions by buying stock, preferred more than likely. The Eurozone countries will start guaranteeing loans between banks. And many countries are following Ireland's lead and guaranteeing all bank deposits.

Each one by itself is a game changer, as many of their predecessors have been this year, but this has now morphed into an all-out global governmental assault on the credit crisis. Hank

Paulson & Co. are offering a life boat to many of the major, troubled U.S. financial institutions. This is yet another backstop to prevent a complete and utter collapse in the system.

The Euro folks are attempting to unfreeze the inter-bank lending market, LIBOR, by guaranteeing the loans, something I expect the U.S. to do as well this week. One of the major problems has been that banks are afraid to do business with other banks. That's literally the lifeblood of the entire banking system. This attack should help very quickly.

Finally, to restore confidence of small business and individuals, Ireland, followed by many other foreign countries are guaranteeing all deposits held by banks. This goes far beyond the raising of FDIC insurance from \$100,000 to \$250,000. It's now endless abroad and I also expect this to occur right here, too, before long.

Another weekend in the greatest financial crisis of the modern era and more unprecedented action around the globe. I continue to be thankful that we have Ben Bernanke and Hank Paulson steering the ship and not any of their immediate predecessors. I cannot imagine where the markets would be without them!

Market-wise, not much has changed since my last missive on Thursday. My forecast for a bottom by the 17th remains in place. And we actually did some buying on Friday to begin positioning portfolios. Friday morning's 700 point sell off had all the earmarkings of forced liquidation and panic. And that was from a point where the market was already seeing record levels of selling and capitulation.

Before you hit reply and ask me if that was THE low, save your time. I don't know the answer. And it's not even important whether it was or not. Based on the action over the weekend, we should see a significant rebound on Monday, but I would seriously doubt all of the selling is over.

Something as nasty as we've seen doesn't end so quickly. It's going to take time to repair and rebuild. And that's IF all of these unprecedented government measures are the right medicine. I think people are too fixated on knowing if a given day is the ultimate low. After watching the S&P 500 decline almost 50% in one year, does it really matter?

You are almost guaranteed to see a continuation of extreme volatility well into 2009. The hair raising, waterfall declines will not be over after we see the first real rally in a long time. It's going to take time.

The October low may come in the form of a "V", a "W" or something even more complex. The important thing is that a tremendous opportunity is being created. One that we'd like to take full advantage of. At this point, little will surprise me. If the market gives us only a short-term rally at first, that's ok and we'll act accordingly. If the opportunity presents itself to make money on the long and short side, so be it.

One thing is certain, it's not going to be quiet for a long time!

To Your Financial Success,



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