



The last three weeks have represented nothing less than a market crash, with the Dow, S&P 500 and Nasdaq plunging 25% to 30% during that time.

That said, our sense is that a sustainable low in the stock market has been put in, and that over the course of the next few months we could see an uneven move upward. Several factors, we think, will produce such an irregular and at times frustrating comeback.

First, by most measures, valuations are reasonable. Second, the government and the Federal Reserve are now in sync with each doing its part to help orchestrate a recovery in the economy. Finally, we think the economy is moving rapidly along the recession road, with the downturn probably having started in the recently ended period. A more serious contraction may evolve in the current quarter and the initial period of 2009. However, things should be improving in the spring. If past is prologue, the stock market will begin to recover some six months in advance. So investors should stay the course with a disciplined investment strategy that stresses fundamental analysis.

Sincerely Yours,

BF Anderson
President