

THE BLIND ARE LEADING THE BLIND

WEB BUZZ 2/2/09

We have long been very critical of Wall Street's research and advice. Our investment record has been built in large part by being contrarian—in other words, fading the Wall Street position.

Please note the chart below, which analyzes the various Wall Street experts' forecasting of annual S&P 500 index yearly closes. An examination of the forecasting errors reveals that high paid experts (such as Abby Joseph Cohen of Goldman Sachs fame) have done a very poor job in forecasting over the past ten years. At important turning points, she and the experts have left their constituents holding the proverbial bag.

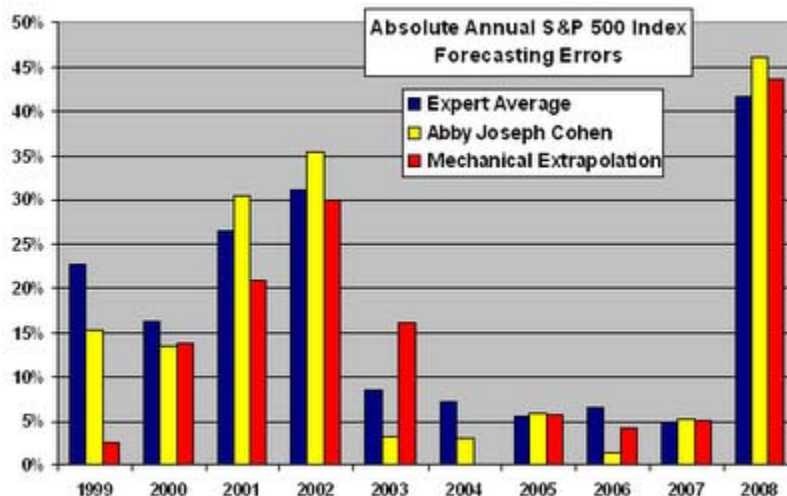


Chart Adapted from Mish's Global Economic Commentary

Wall Street is a killing machine, which—when coupled with Washington DC—has and is destroying our free enterprise system. The bailout and stimulus programs are further evidence of just how out of touch this unholy alliance has become. We reiterate – we are repeating at every level of public policy the same mistake that was made by Hoover and Roosevelt. The banking system is insolvent, the consumer is no

longer in the game, corporations are moving toward bankruptcy, and the last sector of the economy, the government, will soon be in the same financial shape. All we can say is—thank God we are too big to fail. China and our other trading partners need us desperately and should come to our rescue – and really have over the last several years.

A final thought, if you please. Note the second chart. Who do you think was bailed out with the dollars sent to Detroit? You guessed it – the labor unions.

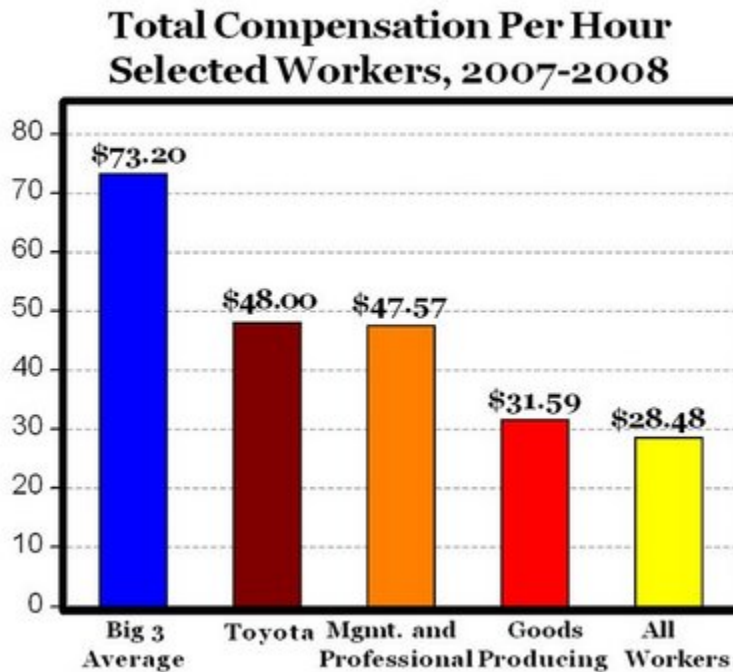


Chart Adapted from FinancialSense.com