

## **Market Notes March 25<sup>th</sup> 2009**

### **Unexpectedly Good Economic News & Treasury Plan Leads to Brighter Outlook**

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This commentary is one of the most optimistic we have written in a year and a half. As you read this, please keep it in perspective that any recovery will be a long process and that we are by no means completely out of the woods.

The recent better than expected economic news has come as a very pleasant surprise to Lowe *fs* and the capital markets. While one cannot make a definitive conclusion based on a one month trend, both Anirban Basu and Morris Segall are in agreement that the worst of the recession may be at hand.

This is not to say that we are heading into an economic recovery. Rather, this *could* be as bad as it is going to get. The slope of the downward curve of the economy could now start to flatten out.

The markets have easily broken through key levels over the past two weeks. The Dow (see index disclaimer) moved effortlessly through the 7,200, 7,300 and 7,500 levels. These levels have over the past year have been key levels.

The Treasury Department FINALLY provided some clear answers about the direction they were heading in with bad assets and loans.

These factors lead Lowe *fs* to conclude that we have likely seen the market bottom. While we do expect a “pullback” in the next month (especially as corporate earnings are released) we do not expect to breach the recent low levels. We could approach recent lows but we do not believe we will go below those levels.

However, if an extraordinary event occurs all bets are off (AIG, Citi, GM going out of business for example). But absent that scenario, we are gaining confidence that we may have seen the market bottom.

As we write this update Lowe *fs* is working with SPG Trend Advisors to determine the sustainability of the current rally and any appropriate changes in our actively managed discretionary portfolios (see disclaimer). We may be moving toward a time when our focus could shift away from potential preservation toward potential growth and recovery.

We expect our analysis to be completed this week and will communicate with you at that time. It will be extremely critical for all investors to be acutely aware that any recovery is likely to be a continuation of gains and pullbacks. Good news could send the market up strongly and bad news could pull it back down. At the same time, if the past year and a half has taught us anything it is to expect the unexpected and to be prepared for such occurrences. That is the balance we will attempt to strike in our allocations.

At the end of the day, if the market takes two steps forward and one back we will be very pleased.

Lowe *fs* Update

I am finally back in the office after a remarkable experience in adopting our son Beckett. If you would like to see some pictures [click here](#). It will launch a PDF slideshow that is about 2 and ½ minutes. It shows our trip to TX, our time there and our journey home.