3 OR LESS
WEB BUZZ 2008.04.28

The following is a table found in John Mauldin's *Outside the Box* e-letter dated April 22, 2008. It was taken from Hoisington Management's web site. Van Hoisington and Lacy Hunt are the authors of the site, and view the economic landscape markets much the same as we. They are excellent bond managers.

Please pay particular attention to the final yield on the long government bond at the conclusion of the 1940's and 1950's. Is that what we can expect at the conclusion of the recession we are now experiencing? 2.6%? As we have repeated ad nauseum, we have long predicted 3%.

Well, of course, no one knows for sure; however, we would not bet against a 2.6% handle when this is all over–maybe even less, if the deflation we expect takes hold. It has been difficult to "stay with the program" for many, we know. However, it is coming to pass in the manner we expected, but has taken much more time to get here than we thought. We can see the light at the end of the tunnel–and it's the 3 ball or less!

Long Term Bond Yields

	End of Recession	Level at End of Recession	Level of Low Yield	Number of months After Recession to Low Yield
	1.	2.	3.	4.
1.	1940's - 1950's	2.6%	2.6%	1
2.	1960's - 1970's	5.6%	5.2%	12
3.	1980's - 2000's	8.0%	5.9%	31
4.	Average	5.4%	4.5%	15

Source: Federal Reserve, NBER.

Table 2

Adapted from John Mauldin's *Outside the Box* Weekly Newsletter