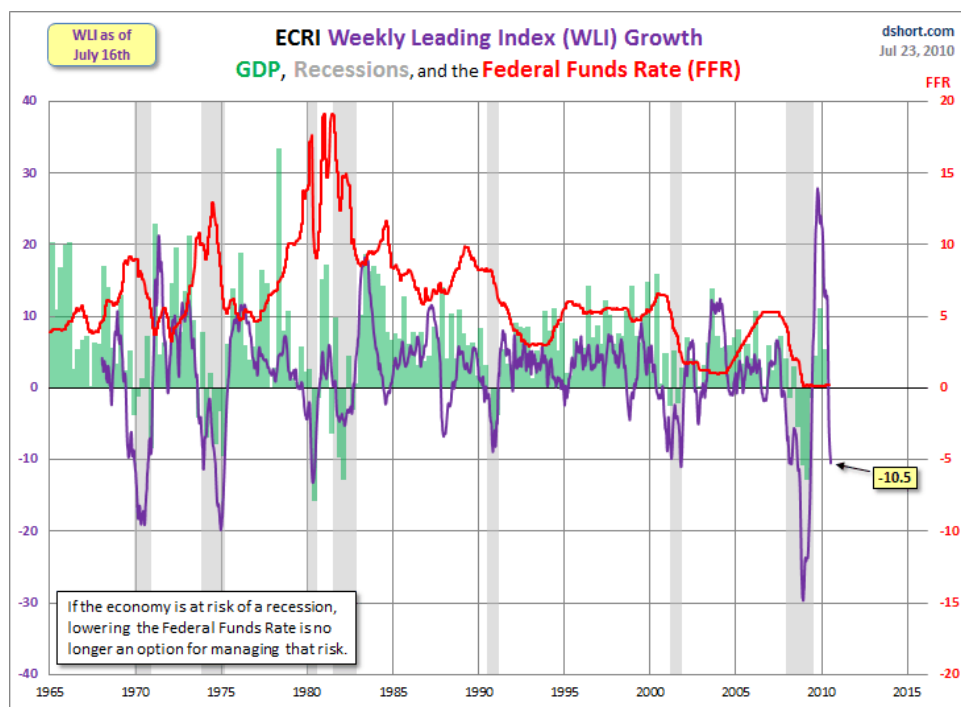


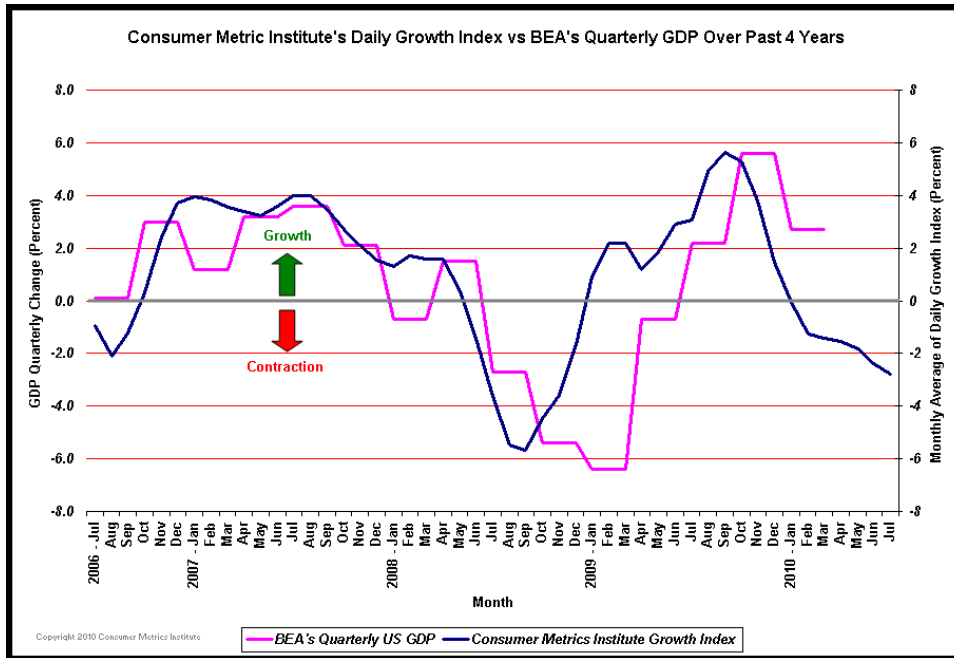
FUNDAMENTALS WILL PREVAIL

WEB BUZZ 2010.08.02

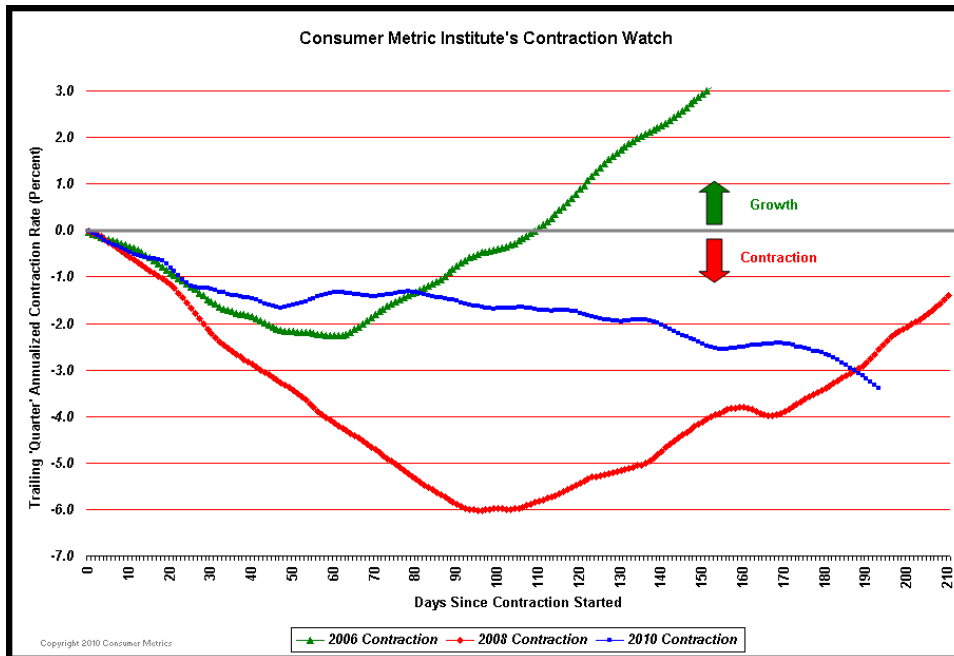
Those leading indicators that we follow continue to point toward a double-dip recession, if in fact the recession is really over. The Bureau of Economic Research, whose responsibility it is to date recessions, has not called for an ending date as of this time. Please note the following charts that give one a clue as to the thinking of the Consumer Metrics Institute.



Adapted from dshort.com



Adapted from ConsumerIndexes.com



Adapted from ConsumerIndexes.com

Additionally, the Commerce Department's ten leading indicators and the Economic Cycle Research Institute index are showing the same trend. Despite these economic fundamental indices, the stock market, which is also a leading

indicator in its own right, is pointing the other way. What we appear to be having is a classic tug of war between the fundamentals and stock market participants. Good corporate profits, which are a coinciding indicator, are keeping the bulls in charge at this time.

Our experience in viewing these clashes is that the fundamentals always prevail in the long run. With the fundamentals we will stand.