MONEYLETTER hotline

Welcome To The *MONEYLETTER* Hotline For June 25, 2008

The market spent this week preparing for the Fed meeting. When the Fed statement came, the market was unable to resolve the issue of whether the statement was favorable or not, from the market's perspective that is. Our own view is that the statement added little to what we already knew about Fed views. Basically, the Fed told us that they were in no hurry to raise interest rates. (They had already told us that they were not inclined to lower them).

They wound up their statement on growth listing the factors that "are likely to weigh on economic growth over the next few quarters." As for inflation, the statement reflected the pressure from the inflation hawks on the Committee. But it is important to recognize that the inflation segment opened with a repeat of the view that inflation is expected to "moderate" over the course of this year and next. The rest of the segment recognized that inflationary pressures, especially from oil prices, are rising. The implication is if they keep rising the Committee will have to act. None of this should come as a surprise. Of course, they will have to act. Nothing in today's statement changes our view that stocks are the preferred asset class.

There is no change in our recommended asset allocation

New Fund Ratings – For domestic stock funds, Hussman Strategic Growth is now rated Buy. Three funds are now rated Hold: Neuberger Berman Partners, Neuberger Berman Midcap Growth, and Fairholme Fund. Two funds are rated Sell:

Turner Mid Cap Growth and Gamco Growth AAA. For international stock funds, five funds are rated Buy: Driehaus Interntional Discovery, Fidelity Global Balanced, Third Avenue International Value, UMB Scout International, and American Century Global Growth (closed). Emerging Markets 50 is now rated Hold. There are no other changes.

The Economy – There is a glimmer of light in housing. The sector continues to deteriorate, but the rate of decline appears to have slowed. Business spending appears also to be holding steady. It remains slow going for the economy, but it is going. So far expectations have been worse than the reality. The real test will be the next 3-4 months ahead.

The Stock Market – Stocks have managed to hold above crucial levels. This is important for the short-run outlook. We remain positive.

Bond Market --

The Select Portfolio – There is no change for this portfolio.

The next Hotline is scheduled for Wednesday, July 2nd at 7pm.