

Hughes Market Letter May 8th 2009:

First Murphy Oil (MUR) has shot up 37% the past 2 months, don't sell it yet. Barron's had a small mention of it this weekend and \$56 a share is still undervalued. If you don't want to hold for 1-7 years, sell 1/3 at \$58 and 1/3 at \$62 and hold the rest till they sell out for \$77.00 a share.

DOW, sold way to soon, up another 70% this month, wow!

HBHC up another 30%, also, sold way too soon.

ALL hit our target of \$28.00. Seems we got out at the top on this one, at least. Wow, a double in a month.

DBD, we are selling all now at \$27.00+, no deal seems to be coming and fully priced. Without a deal now up 50%.

If XLNX gets back up \$17.50 go back in fully. Getting close and tech got hit hard this week.

WFSL and UVSP both midsized banks run by banking Pros. UVSP net charge-offs and non-performing still very low, buy a full position under \$21.00. Very safe worth \$30.00+ easy, downside \$18.00 or so.

WFSL non-performing loans way up but bank is run by far the cheapest way, and net interest margins going way up to offset bad loans here. 85% of their loans are at 60%, loan to value or less. Loans are hand written, they buy used computers, net charge offs are still very low and should stay around 1% now or less, which they can handle. Stock is so cheap, unless we still go to a depression then maybe \$10.00 could be the bottom. This stock could go up 30%+ any day like FITB did this week and many others.

Makes no sense that PNC, FITB, BAC, STI all go up 50%+ in a week and this one didn't. Buy call options also on this one, for June, by then if it is not \$18.00+, all the others mentioned above will be back down I feel, 25%+, and "short" BAC, FITB and PNC if you go seriously long on WFSL and want downside protection. Trading accounts,

you can Short, BAC, FITB, PNC and COF now Monday the 11th, use 8% upside stops if we are wrong, cover all 10%- 40% lower depending on how things unfold this month. It will be crazy.

Shorting is for experienced investors only and has much higher risk reward in a short period of time for sure in this market, be careful.

So just buy WFSL and UVSP long if you want to sleep well after all the big profits the past month.

Both of these stocks are liquid. WFSL trades over 1 million shares each day +, and UVSP trades 50,000 or so, use limits as always on both to buy and sell, only options on WFSL however.

Remember not many new jobs are out there and people are still losing them fast. A lot of these jobs are people in high paying jobs that can't be replaced. This is a serious concern the next 5- 10 years, home prices just collapsed the past 2 months on the east coast, this will hurt many upper middle class this year, un-employment is really 11% going to 13%, that is bad,

New businesses are very hard to start now. Competition is great in almost all areas. Health care, teachers, government workers are doing well but the people that really drive the world are not taking big risk because it is not worth it now with the government changing the rules daily. This will hurt for 10+ years maybe longer.

Low rates are great, gas prices are very good. This will help but not enough when higher taxes hit next year!

If you are in the general market still Hind Sight says to me at 14,000. We were way overvalued at 6,200 we were way undervalued and now we are fully to fairly valued, even a Vanguard small cap Value fund is up 100% almost in the past 6 weeks. If that is not a short-term top I don't know what is. You can always get back into a general fund in the fall, if stock picking is not for you that is what I would do at this point period. Sell all funds Monday. Very few

stocks to own still, but each month there seems to be easy money to make, well not easy, **it is really a lifetime of appraising stocks day by day!**

Be careful!

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Call me with any questions at any time, we are here to help!