

Hughes Market Letter: "March 9th 2009"

So far 2009 has been the worst start to the market we have seen in 100 years. Banks, chemical companies, home builders, car makers, and Insurance companies seem to go out of business daily or at least that's what the stocks are saying and banks are.

Oil has held \$40.00+ it seems, and Murphy Oil (MUR \$40.00) seems to be holding well and is very trade able. XLNX also has held well, and also seems to be trade able still, both with the lowest downside risk we can find.

Banks like VLY, STL, and TCB which we thought could never get this low, go down each day still and at the fastest rate of decline yet, so either they are going away or they are near bottoms. We think near bottoms, but for trades only for 20%- 30%+ bounces only.

If the stock market is saying these banks can not make it, then BAC and WFC have no chance, but is it too late to "short" then period, and they could all double on any news at any time.

Two smaller banks RCBC.bb (\$22.00) and PPBN.bb (\$7.00) are also buys of a lifetime unless every bank goes under. They both trade on the Bulletin Board, buy slowly.

Also COBK below \$6.00 would become a strong buy, very solid asset quality, almost 100 years old at \$5.00-\$6.00 a share 60% of book, buy. Thinly traded, buy slowly.

HBHC, add heavy, if it goes under \$23.00.

COBH, if it gets under \$13.00, get back in fully.

Insurance companies like Allstate (\$14.00 ALL), WE ARE ALL IN TODAY at this level.

1 company if they don't make it, none will. We vote, they will. 10% of all monies today.

Diebold (DBD \$19.00) new low today, had a deal of \$40.00 last year, nothing has changed for them look for a \$45 deal this year, also great risk reward ratio. 10% of all monies today.

Dow Chemical (DOW \$6.00) new low today, we are all in, super risky but super reward possible on any good news. New lowered dividend of 10%, also helps, if they can pay, that is the question. One of the craziest stories of the year for sure, but worth the risk. 5% of all monies today.

We are still waiting on a Murphy Oil deal by year end at \$70+ and XLNX is the only other core holding until today. Now we have MUR, XLNX, ALL, DBD as core holdings and DOW as a speculation trade/long-term hold.

Call Douglas Hughes today if you have any questions at 1-888-814-7575 for a free consultation now.