

Rohr Report

TRENDVIEW

MARKET ALERT: **EQUITIES/FIXED INCOME**

Friday, September 19, 2008 (09:30 CDT; 10:30 EDT; 14:30 GMT)

ALERT: PAULSON CLOSER; BUT IS IT THE SPECIFIC PROGRAM WE NEED?

AS ENCOURAGING AS IT IS TO HEAR MUCH MORE FOCUS ON THE UNDERLYING PROBLEM BEING THE U.S. HOUSING SITUATION, THERE STILL SEEMS TO BE THE SAME NARROW FOCUS ON ADDRESSING SECURITIES LOSSES AND POSSIBLY NOT (WE CAN NOT KNOW AT THIS POINT) THE FRANK/DODD APPROACH OF ASSISTING INDIVIDUAL AT-RISK BORROWERS TO STEM THE TIDE OF ADJUSTABLE RATE MORTGAGE FORECLOSURES. HOPEFULLY NOW THAT THE U.S. CONGRESS IS ONCE AGAIN IN THE DRIVER'S SEAT, MESSRS. PAULSON AND BERNANKE WILL BE FORCED TO ALLOW THAT THE FRANK/DODD APPROACH WILL NEED TO BE A MEANINGFUL PART OF THE SOLUTION TO THE REAL PROBLEM THAT THE U.S. TREASURY AND THE FED HAVE FAILED TO ADDRESS UP TO THIS POINT.

As we noted in our **TRENDVIEW MARKET ALERT** on Monday, "One of the primary problems is the degree to which the Fed and US Treasury have treated the situation as a liquidity problem since they first assigned that dynamic to it during the initial interbank lending problems last summer. Their steadfast refusal to take serious comments from many informed analysts (Including this analyst) that this always was going to be more of an 'asset value destruction' problem (as we clearly articulated slightly over a year ago) has left their 'just absorb the writedowns' approach in tatters."

Apologies for quoting ourselves, but that is a longstanding position, and one which we can not know whether the US Treasury and Fed even now appreciate. We will need to rely on the persuasive nature of the finance chairmen in the House and Senate to make clear to them what has been necessary that they missed, and will still help. The more extensive background on that along with a whole range of technical trend comments are in yesterday's belated **CAPITAL MARKETS OBSERVER** IV-12 (which was actually sent at 12:30 CDT this morning.)

While that delay was to edit it in light of late breaking information, the broad themes are still relevant to the major trend views and politico-economic background for how the markets and economy are likely to develop across time. If you have not received it, please let us know as soon as possible so we can forward another copy.

We hope you find this helpful.

-Rohr

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