



Advisor Confidence Declined in February
Advisors are more pessimistic on the stock market outlook

March 03, 2008...Rockville, MD...In February, advisor confidence in the economy and stock market declined, according to Rydex AdvisorBenchmarking. The Advisor Confidence Index (ACI)—a benchmark that gauges advisor views on the U.S. economy and stock market—was 82.80 in February, down 2% from 84.76 in January.

Economic market outlook is slightly more pessimistic

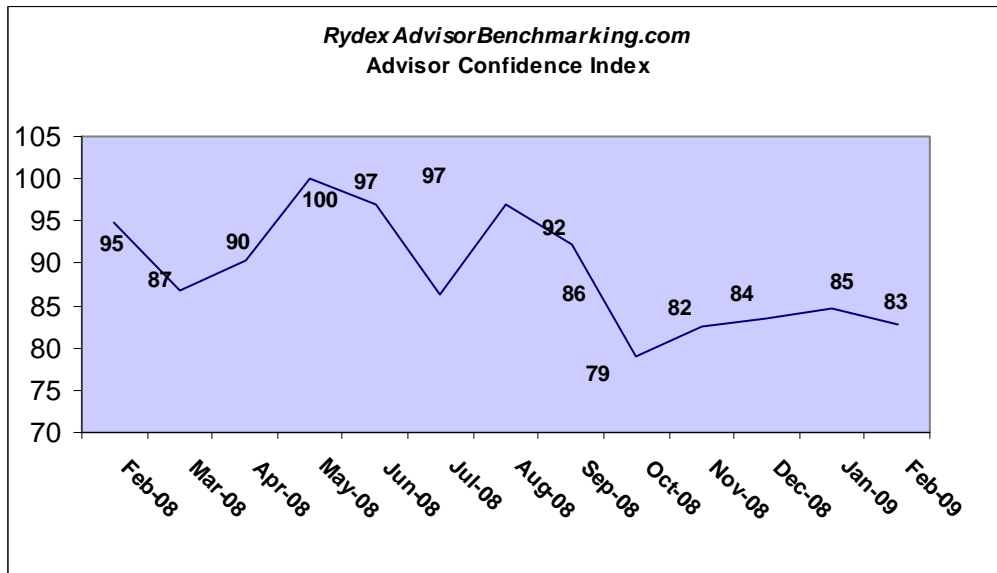
The Advisor Confidence Index™, which had increased moderately in January, declined in February due to worsening business conditions and a weakening job market. “Until the job market stabilizes, consumer confidence and thus spending will not grow,” said George Cheatham of Florida-based American Financial Consultants.

Added Peter Wheeler from Wheeler/Frost Associates, “Recovery will not start until confidence in the governments and financial institutions is restored.” Wheeler expects recovery to begin in 2010 for the stock markets, in 2011 for the economy and in 2012 for real estate. “The rest of the world will follow,” he added.



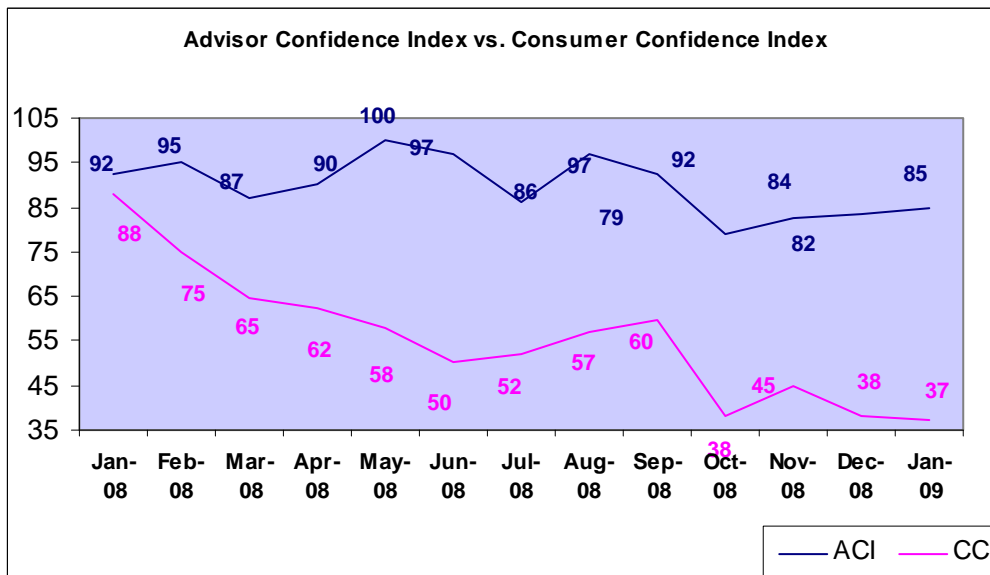
It’s interesting to note that advisors are most pessimistic about the stock market outlook (-7.54%) than about the other three elements used to calculate the ACI. A closer look at the components reveals the following:

Current economic outlook	+0.55%
Six-month economic outlook	+1.17%
12-month economic outlook	-0.78%
Stock market outlook	-7.54%



Advisor vs. consumer confidence

The Conference Board Consumer Confidence Index™, which had decreased in December, inched lower in January and continues to be at a historic low. The index was at 37.7 (1985=100), down from 38.6 in December.



Notable comments from participating advisors

Most of the advisors who participate in the survey elect to have their names made available to reporters who would like to interview them about their economic sentiments. AdvisorBenchmarking can facilitate such interviews for reporters.

“I think the market has seen the worst but I don't expect to see a V-shaped bottom. In this economy I think it will be a U-shaped recovery with an extended base. Investors have been brutalized in the last seven months and I don't expect them to come running back. There will be lasting effects from the drastic declines in the values of retirement plans and residential real estate.”

-- David Cramer, Cramer Financial Services

“As we have been saying for some time, the U.S. and world economy are going through a severe crisis that will not shake out anytime soon. However, look for some positive signs that the recession, while not ending anytime soon, may at least be flattening over the next three to six months. The biggest key going forward will be the government's ability to restore the banking industry in order to free up credit, which in turn will make the biggest difference when it comes to stemming the job losses across the country. Until the job market stabilizes, consumer confidence and thus spending will not grow. So what is an investor to do? The answer quite simply is to concentrate on two things—quality and cash. There are and will continue to be real bargains found within the equity market if a person's time horizon is right. In the midterm, look for opportunities within the bond markets, specifically the corporate and municipal bond markets. Another market worth looking to as an equity hedge is the high-yield bond market. Even with a significant default rate factored in, the dividend yields make this a potentially attractive opportunity in the near term.”

-- George Cheatham, American Financial Consultants Inc.

“The stock market has been struggling to form a base which could lay the foundation for a renewed, but likely temporary, recovery from the fall 2008 crash. This equilibrium appears to be extremely tenuous, but we still believe the higher probability that the outcome remains an upside resolution. Our major challenge is assessing the tipping point between the natural deflationary forces unfolding due to the credit collapse and the monetary inflation being created by the federal government. Ultimately, we believe the printing presses will win out, but the timing of such a victory is highly uncertain. For now, we remain 'chicken bulls' on a tactical basis with concentration in agricultural commodities, precious metals and high-quality U.S. stocks.”

-- James Dailey, TEAM Financial Managers

“There continues to be a rough road ahead for the U.S. economy, but we will see gradual improvement through 2009 and into 2010 as the credit markets begin to loosen up.”

-- Jim Elder, ElderAdo Financial

“As Jim Cramer likes to say, 'There's always a bull market somewhere.' Well, today we have a bull market in “Gloom & Doomers” predicting Depression 2.0. Are these the same guys predicting \$200/barrel-oil by 2008 year end? With almost \$8.7 trillion committed to fight this global economic meltdown combined with a massive expansion of the money supply (the mistake of Depression 1.0 with a contracting money supply), it is hard to imagine that we won't get traction

somewhere. The question is when. The popular answer is the latter half of 2009 or early 2010. Individual investors show a level of fear never witnessed for most on Wall Street. Investors are frozen in their money markets with a record amount of cash on the sidelines and consumers are starting to save for the first time in years. Now a stunning 40% of the NYSE market cap is in the money market! In 2002, we exceeded 25%. While this feels safe for some investors, it is hard to imagine that this is the correct allocation going forward. While 2008 was the year of deflation, 2009 will be the year of re-inflation, and 2010 and beyond will be inflation.”

-- Kenny Landgraf, Kenjol Capital Management LLC

“The financial crisis caused by a confluence of world events will not soon be rectified. Recovery will not start until confidence in the government and in financial institutions is restored. This will likely be in 2010 for the stock markets, in 2011 for the economy and in 2012 for real estate. The rest of the world will follow.”

-- Peter Wheeler, Wheeler/Frost Associates

“The market is looking six to 18 months ahead. We may see market recovery begin anytime after the middle of the year as we anticipate a general recovery sometime in 2010 before mid-term elections.”

-- Paul Byron, Professional Financial Strategies, Inc.

“Past excesses will cause this recession to be one of the longest despite the stimulus efforts. Trying to time the market is hazardous and sticking to a long-term investment strategy is still an investor’s best bet. Investing more in risk assets (in a fearful environment) historically has provided excess return.”

-- Rob Siegmann, Financial Management Group

“While the current economic woes will continue for some time, we expect some improvement by Q1 2010 due to the huge amount of government stimulus. This should translate into an improving stock market late in the Q2, 2009. Watch out for inflation in late 2010.”

-- Terrence Beaton, Beaton Management Company Inc.

“One of the keys to beginning any kind of recovery, particularly in real estate, will be whether or not Congress adopts the plan to "true-up" borrowers' mortgages by bringing LTVs (loan-to-value) in line with current fair market values (FMVs). Short of that being done, it is going to be a long haul.”

-- Paul C. Bennett, c5 Wealth Management, LLC

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