



June 28, 2007

At 2:15 pm EDT today, the Federal Reserve will announce that they are leaving interest rates unchanged. This is something I forecasted to be the case all year unless the stock market sees at least a double digit decline. Should that occur later this year, Bernanke & Co. will likely lower rates to help absorb the shock to the financial system.

Depending on if you look at this as half full or half empty, the Fed is either in a point of equilibrium, not too hot and not too cold, or at the point of frustration with higher than expected inflation, too hot, but slowing growth and a bad housing and mortgage market, too cold.

The statement Bernanke releases will be the actionable item as we look to catch a glimpse of his interpretation on whether he feels inflation is abating or is going to abate. We already know the Fed is keenly aware of the housing and sub prime mess.

Following up from my last update, the stock market bottomed on cue with yesterday's lower open as smart money dove in early and drove prices higher all day. I said the low was imminent and I did mean imminent! It was a tremendous day, across the board, for you and our strategies and I am glad to see the reversal ahead the meeting and into month and quarter end tomorrow.

This is also the final reminder that our two new International strategies in Emerging and Developed Markets are launching on Monday. It's not often that I waive fees, especially for an entire quarter, so I urge you to consider them in the next 24 hours! If they are anything remotely close to our heralded sector strategies, it's going to be fun to watch.

All Good Trades,

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