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First off, I am going to be interviewed live on CNBC on Tuesday morning around 11:05 AM with Dylan Ratigan and Trish Regan. Most likely, we'll be discussing the current state of the stock market, my forecast for the rest of the year and the Fed's next move.

Position and model update

In my previous update last Wednesday, I talked about our positions being on that would profit from more weakness in stocks. After a 400 point down day on Thursday and early morning rout on Friday, we exited those positions with another round of nice profits.

I could not be happier with how our models have performed this year, but especially having grabbed the upside during the first two weeks of July and turned negative at Dow 14,000. We all love making money in a bull move, but there's nothing more satisfying than being able to bank profits when stocks get hit, and hard!

Another short-term low hammered in

Friday's early collapse brought out another series of positive formations from our shorter-term indicators. Total volume, ETF volume, volatility, put/call option ratios, insider buying and a host of advance/decline and up/down volume figures all point to another low being in place.

This further reinforces the low we saw a few days earlier and should change the short-term tone of the market to positive with at least 2-5% rallies in the major indexes. Only a close below Friday's bottom is going to alter my opinion on the downside.

New Alliance and People's Bank

Having our office in CT, I am often asked about local stocks like GE, UTX and the various banks. For some reason, I have received a number of questions lately about New Alliance

Bank (NAL) and People's Bank (PBCT).

When NAL went public, the various newspapers asked my opinion on the stock. Being the only negative comment, I said the opening day offered a great selling opportunity for a bank that I thought would underperform. Not much has changed since that day two years ago.

PBCT recapitalized the company earlier this year and I was a bit more direct in my comments when they floated a boatload of new stock. Once again, I was the lone dissenter on the stock, calling for a 20-40% decline, thanks to the help of my good friend and stellar bank investor Jim Lane.

Of course, if the stock market launches again, these two stocks will likely follow their sector higher, but on a laggard basis. Small to medium size banks are not the place to be in this climate, and there are so many better opportunities, both in the banking sector and elsewhere.

Please don't hesitate to call or email directly with any questions or comments. If any of your friends or relatives would like to receive our updates, have them sign up here.

www.investfortomorrow.com/newsletter.asp

It's been a fun quarter so far and we have another six weeks left until the end! Let's enjoy!!

To Your Financial Success,



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