

MONDAY, February 4, 2008

**MARKET WATCH**

## A Sampling of Advisory Opinion

Edited by ANITA PELTONEN

### **Bankers' Luxury**

#### *Intelligent Fund Investor by the Harloff Letter*

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**Jan.:** A cause of this bear market is the massive bank and broker-dealer write-downs from subprime-mortgage defaults that have cost some of CEOs their jobs. (But...their bailout compensation is many millions.) With the write-downs came a sell-anything-to-raise-cash mantra. The world markets all suffered at the same time from the selling...The central banks and sovereign funds have provided enough liquidity to save the banks from going under. Their profit margins will increase immensely due to the reduction in their borrowing (fed-funds) rate. The banks have the luxury of changing credit-card terms on the fly and raising rates with time. They...can change the terms of an agreement when it suits them. Banks and real estate are a good buy at this time.

-- Gary Harloff

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