

# Rocky Mountain News

## Market will hit bottom when . . .

David Milstead and Jamie Paton, Rocky Mountain News

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Several Colorado investment professionals discussed the signs investors will see when the stock market hits bottom:

"Meaningful improvement in the credit markets (starting to see improvement). Extreme levels of fear and pessimism among investors (check). Low valuations (check). Stabilization in the housing and labor markets (slowly getting there in housing, may be a ways off in employment). Continued and coordinated liquidity injections by the Fed and other central banks (check, at least for the Fed)."

**David Twibell**, Colorado Capital Bank

"You're kidding. Most 'experts' won't even admit that the recession started December 2007."

**Jeff Wilson**, Wilson Advisory Group

"Extreme volatility is usually indicative of a bottoming process. We have had wild swings in the markets today, and over the past few days, up a few hundred to down a few hundred. The investors that are panicking are selling, and long-term investors are buying. These to me are signs of a turnaround."

**Michael Serota**, Advanced Wealth Management, Raymond James

"Extreme undervaluation of some stocks. Extreme market breadth of selling. Extreme volatility. We need to see evidence of further improvement in fixed income markets before a bottom is fully in place. We are hopeful that *Rock Bottom* is the song."

**Barbara Walchli**, Aquila Rocky Mountain Equity Fund

"We need banks to lend to each other at reasonable interest rates. GE, AT&T, IBM and the other Fortune 500 companies in the Dow need to be able to finance their 30-day commercial paper at reasonable rates. Investment grade corporate bond and high-yield corporate bond rates need to narrow in relation to U.S. Treasury bond yields. Small businesses, hospitals, schools and airports need to be able finance their municipal bond debt at spreads lower than U.S. Treasuries. Finally, banks need to start lending money to deserving and credit-worthy customers.

**Fred Taylor**, Northstar Investment Advisors

"We need to see strength in two major indicators before I'm convinced we are turning things. The unemployment rate needs to fall back to 5.5 percent from 6.1 percent, and annual sales of existing homes has to get back to around 5.5 million, up from 4.9 million."

**Gregory Anderson**, GRAnderson Wealth Management

**Songs of loss and woe**

The *Rocky* asked several Colorado investors to pick the song that best describes stock

market conditions today.

**Some choices:** \* *Highway to Hell* by AC/DC

\* *Rock Bottom* by Eminem

\* *Born to be Wild* by Steppenwolf

\* *Dazed and Confused* by Led Zeppelin

\* *Hank Don't Fail Me Now* by Keith Urban

**Who picked what:**

\* Jeff Wilson, Wilson Advisory Group

**Song:** *Highway to Hell*

\* David Twibell, Colorado Capital Bank

**Song:** *Dazed and Confused*

\* Gregory Anderson, GRAnderson Wealth Management

**Songs:** *Highway to Hell*. "If I could choose my own, it would be *There Goes My Everything* by Engelbert Humperdinck."

\* Michael Serota, Advanced Wealth Management, Raymond James

**Song:** *Rock Bottom*

\* Barbara Walchli, Aquila Rocky Mountain Equity Fund

**Song:** *Rock Bottom*

\* Fred Taylor, Northstar Investment Advisors

**Songs:** In the next three months, *Dazed and Confused*. In the next six to 12 months, *Born to be Wild*. The next five to 10 years, *Hank Don't Fail Me Now*.