



Defining QualitySM

OUTLOOK FOR THE ECONOMY IN 2009 – WHAT SHOULD WE EXPECT?

Early in 2009 economic news is likely to be terrible and get even worse until late fall. Economic recovery is not likely to be apparent until late winter. The full impact from initiatives in place, to include lower interest rates and TARP, should positively impact the economy by year end. Expect the improvement to be gradual even though unemployment is likely to move higher throughout the year.

Barrack Obama is committed to an infrastructure stimulus program of more than \$500 billion next year. Congress is likely to pass a smaller package for expenditures than the President-elect seems to favor. Whatever the size of the expenditure its impact should be apparent by late summer or fall.

Altogether programs in place and proposed will result in more government spending in the economy than anytime in our history except during World War II.

Already the budget deficit is reflecting the expenditures. The budget deficit in the first two months of the fiscal year is more than \$400 billion. A deficit for the full year will likely be well over a trillion dollars.

Considering the scale of government spending, Curran is confident that a full recovery is likely to be underway sometime in 2010.

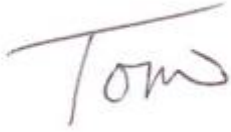
OUTLOOK FOR THE STOCK MARKET IN 2009 – WHAT SHOULD WE EXPECT?

Expect higher stock prices. The bear market bottom appears to have been November 21st when the S&P 500 touched an intraday low of 741. As of December 11th, the S&P 500 is about 900 or about 21% higher.

One characteristic of bear markets is their impact on our psyches. After sustaining severe market losses, investors almost universally want to wait until the news is better before they buy. All historical data clearly shows that by the time the news is actually better the market will be significantly higher and the bull market will be in the mature stages of its development.

Typically the stock market bottom occurs 11 months before unemployment peaks. As bad as the news is regarding layoffs, it will likely get much worse and the market is very likely to move significantly higher at the same time.

The ability for the stock markets to discount the direction of the economy is well documented. Of course there are false starts. Nothing regarding market behavior is certain. However it is our view that actions taken by government along with those still to be taken (bailouts for Detroit and infrastructure spending) will stimulate the economy by the end of 2009. As a result, serious investors should be buying quality stocks now for long term growth.

A handwritten signature in black ink that reads "Tom".

Thomas J. Curran
President & Chief Investment Officer
CURRAN INVESTMENT MANAGEMENT
30 South Pearl Street
Albany, New York 12207
(518) 391-4291
(866) 432-1246
(518) 391-4242 Fax
www.curranllc.com

The comments above are provided as a general market overview and should not be considered investment advice or predictive of any future market performance. Information is derived from sources believed to be reliable; however Curran Investment Management cannot guarantee its accuracy.