



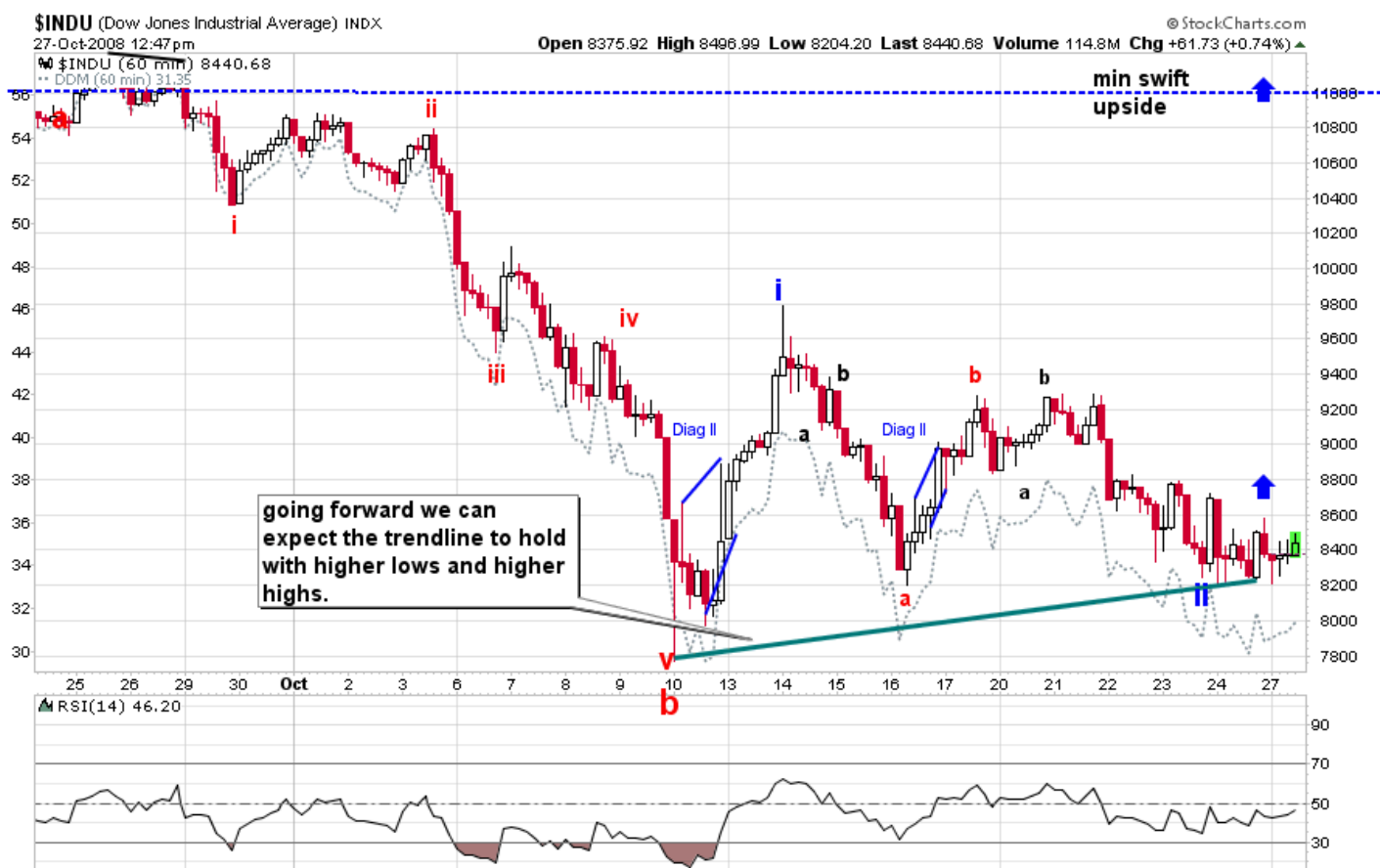
Exceptional Bear Market Letter

October 27, 2008

Special Report: Certainty about the Rally; why you should be fully invested

Doubt and fear come from *not knowing*. When you understand, you have certainty and peace of mind. Kipling's famous quote, paraphrased (*no time to look it up this morning*) "if you can keep your head, when all hell breaks loose, and everyone is running around like a chicken with its cut off, you can create tremendous wealth"

Here is the Dow: stabilized and building a base from which to blast off, marked by the green trend line. *The Dow is not going any lower than October 10th under ANY circumstances*. Two *Diag II's* indicate the *beginning of a long move* what's more, they compound its power and thrust.



Although up only slightly on the day, if we look a bit closer, there's a lot to confirm a monumental, powerful and swift upside within the week. *Diag II's*, which further compound the upside indicated above. There are 4 larger and 2 additional smaller within those 4. The *iiird of the 3rd* is about to take off. The *minimum upside, likely by year-end, is Dow 11,000*, marked by the dashed line in the top and bottom charts. (where the *Diag >* began, the minimum point to which we must swiftly return, *before* a meaningful correction.) This Dow has a very likely 50% upside in the next 12 months, *30% or more of it could come by year-end*.



Here is that target on the big picture Dow Daily chart - of course we could go right past 11,000.



The maximum rewards will go those who are invested now...once a run-away market gets going, only market orders execute at much higher prices, and just usually just before a correction.

On Wednesday, the Fed meets to lower interest rates, likely to 1%. The Election is a week away. Every presidential election in history has brought hope and lifted expectations *and the Market...*the market *runs* on expectations and emotion, rather than the rational thinking we are led to believe. The mass of investors react with a herding mentality doing "what everyone else is doing", and usually the precisely the worst for their financial health... News recounts the recent past, while the past has great merit as history to prevent blunders, the recent past has virtually none when it comes to a turn-around. Obama will likely win by a large margin, perhaps a landslide and the masses will be taken with a good "feeling".

To make money in the market you must realize that it just like a pendulum on a grandfather clock, swinging with emotion, from euphoric to pessimistic, *at its extreme, there is nothing more certain than a reversal*. Market participants, analysts and economists continue to project the future in a *straight line*, does it strike you that they are wrong more than 50% of the time? Market projections without indications of likely reversals are akin to malpractice. *That's why most investors never make any money!*

These are all the reasons why *there's no better time to be fully invested*. If you don't get it, you need to examine your basic thought process: are you extremely dense, dumb or both?

Eduardo Mirahyes

Exceptional-Bear



"Opportunistically timed investments that maximize wealth"