

>: How to get rich in a bear market

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I know that both the stock market and real estate market have looked very ugly lately, and you may have lost money.

But hey, look on the bright side. It could be worse. You could be getting killed in the markets and your name could be Eliot Spitzer! Or former New Jersey Governor Jim McGreevy. (Talk about a wolf in sheep's clothing)

(Note to Self-Righteous Hypocrites: Nobody is perfect. But don't act like you are "Mr. Clean" and "Mr. Righteous" when you're not. It suggests you think you're better than the average human - or smarter than the average bear, as Yogi would say.)

Back to business?

I want you to look at me today as the Paul Revere of Wall Street, but instead of yelling "the Redcoats are coming", I am writing "the market is coming".

Here is the bottom line:

1. We all know the economy has been taking it on the chin these days.
2. The stock market and real estate markets are in the toilet right now.

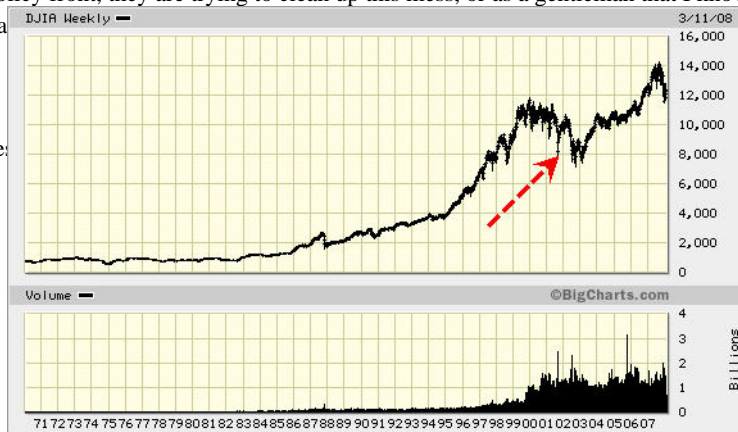
There is a ton of evidence to this effect, such as GDP (Gross Domestic Product) having grown at only .6% in the fourth quarter of last year when it grew at 4.9% in the third quarter. Many expect GDP to be negative in the first quarter of this year. Remember: the rule of thumb is two quarters of negative GDP growth means recession.

The real estate market crash, and the subsequent credit crunch, have been the primary reason that we are in the mess. As I have mentioned before, the government, as far as regulation and enforcement are concerned, were asleep at the wheel with respect to the real estate mess.

Now, on the monetary and fiscal policy front, they are trying to clean up this mess, or as a gentleman that I know once said, they are "trying to close the barn door after the horse a

You have a choice to make...

Take a look at the DJIA (Dow Jones



The red arrow points to 9/11/01 when the market hit a low of about 8,000! Since then, the market has risen to 14,280; a gain of almost 80%.

I could have easily drawn more arrows in the above chart and made references to Vietnam, the crash of 1987, etc, but the point that I am trying to make is that tough times have happened in the past. *If you want to make a fortune, you will buy the names (the good companies) on these dips.*

It is impossible to predict where the exact bottom of the market will be, just as it is impossible to predict where the exact bottom of a company that I recommend will be. However, if you make an investment into something with strong fundamentals, you do not have to call the bottom perfectly.

You could be within 20% of the bottom and still make a lot of money over the long term.

As Warren Buffett once said, the key to successful investing is "To be FEARFUL when others are GREEDY, and GREEDY when others are FEARFUL."

And right now everyone seems as fearful as I've seen folks in some time.

real estate markets in the next several months.

The way to do that is by remembering that cash is king, and use your cash wisely (now more than ever). Don't chase anything risky. Start by nibbling on great companies with strong underlying businesses like Citibank (SYM: C).

Sure, the stock may go down a bit from here. But remember, history suggests we're a heck of a lot closer to the bottom than we are to the top of the market.

Keep something else in mind: this is what Wall Street veterans call a "mark-crisis" brought on by huge multi-billion dollar markdowns by banks across the country.

And since history suggests that huge mark-downs are followed by huge mark-ups, be prepared to see a huge influx of potential profits when many of the assets these banks have written down come back in value.

(Remember: many of these write downs are being taken at the very height of pessimism. For accounting reasons, banks like Citigroup have to take write-downs now, but most of their assets are NOT worthless. History suggests they will come back in value and when that happens, you'll see billions of dollars in new profits!)

Last but not least: keep in mind something else Buffett said when stocks were collapsing during the 73-74 bear market. Although many of the stocks he bought at the time were going down almost daily (i.e. Washington Post (SYM: WPO), he knew that the decline in stock prices meant that "Now is the time to get rich."

It may not come today. It may not come tomorrow. But if you start nibbling on the right stocks today, it will come. None other than the authority of history says so.

Have a great week and keep your chin up! And let the arrows fly!



Jason Jovine
Chief Investment Officer

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