

The Portfolio Reporter

A Newsletter Provided by Dunn Warren Investment Advisors

June 2008

The summer driving season is a time for families, friends, and gatherings. But in the face of record oil prices, many people have curtailed their driving expeditions for shortened versions, or staying at home. This would also explain the impact on the stock market: oil prices are reducing any rally attempt in the stock market.

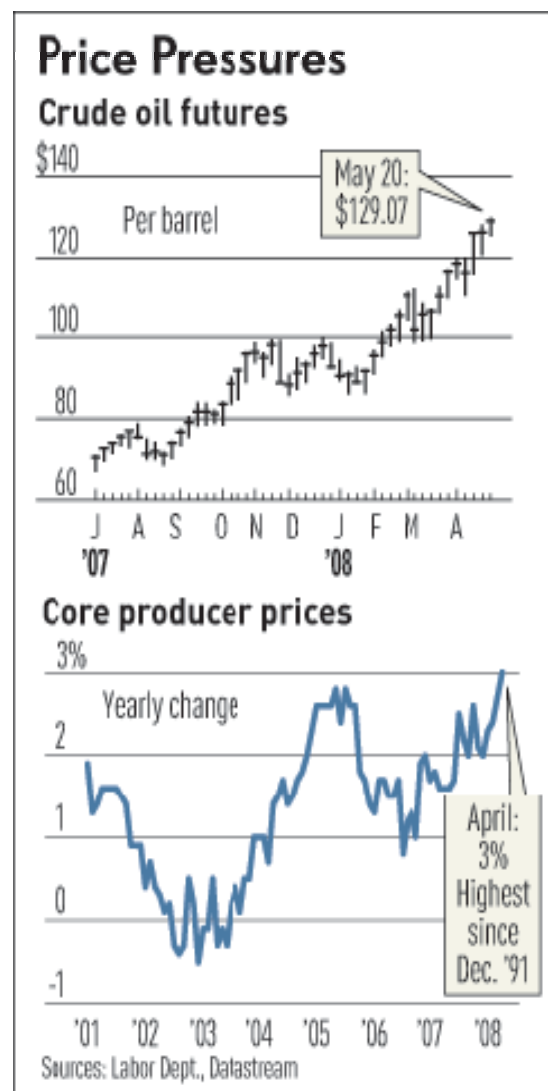
There are other factors weighing on the stock market beside oil prices; the main point is that investors are less willing to take risks and are seeking better valuations. However, oil prices are really something to talk about.

Since the beginning of this year, oil prices are up over 45%, and in the last 12 months up almost 95%. Please see the graph from Investors Business Daily - May 20, 2008. This is extraordinary when you think that oil is a commodity and we know that the direction of demand and supply is measurable in the short term.

Suffice it to say, when prices move up in such a fast and dramatic fashion, they usually fall just as rapidly. However, pinpointing the price and the time is an exercise in futility. You just can't determine which penny is going to be the tipping point.

Therefore, higher oil prices will continue to limit any rebound in the market. But even if it is not oil prices, it will be risk avoidance, high valuations, a weak housing market, and lower corporate earnings. Despite all of this noise, we remain focused on our turnaround watch and look for valuations that will reward our investments.

Please feel free to pass "The Portfolio Reporter" to interested friends and family members. The opinions expressed here are based on the author's views and should not be construed as financial advice. For more information about your investments, please contact your financial professional.



MONTHLY CONFERENCE CALL

Our next monthly conference call will occur Thursday, June 19th at 11am Mountain Time (1pm EST).

Phone Number: 866-740-1260

Access Code: 4682824

To access slides on the internet during the call, go to www.readytalk.com and enter 4682824 in "Participant Login".