



Letter to the Editor – Jeremy Grantham

June 9, 2009

The following letter is in response to our article last week, [Jeremy Grantham's Warnings to Investors](#).

Dear Editor,

I have a lot of respect for Jeremy Grantham. He is one of the premier value players and knows his investment space. That being said, this market is unlike any other we have seen. When bubbles burst and eventually bottom, it often takes 12 to 18 months of consolidation before all the negatives have been wrung out. This market has spent only two months of convalescing. I expect sideways consolidation for at least a year because our financial system broke down, and it is still in repair. I am skeptical when markets go parabolic because the move is typically unsustainable and is driven by liquidity rather than rational valuation practices. But when a market jumps parabolic after the damage we suffered, I am *even* more skeptical. Jeremy Grantham may be right, but I would rather wait until the market is oversold than chase at overbought highs.

Jeffrey A. Bierman
Chief Market Technician
ThinkorSwim Group

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