

# MONEY MANAGER NEWSLETTER

## APRIL 2001

### Dale Rabiner - Bartlett

If we are in a recession, it is the most predicted recession in history. Therefore, it may turn out that we are not in a recession. Our outlook in respect to the bond market, is the yield curve has been unstable. It is in very good shape with short term treasury yields under 4% and long bonds at 5.5%. The last time we had this yield curve, the short term yields were 2.75% and long bonds yielded 5.75% in 1993. The Fed traditionally overreacts (like the stock market), so we expect one more rate decrease.

Some "experts" are predicting our economy will tumble like the Japanese market in 1988. It still has not recovered. This will not happen in the United States. We don't have the debt or the social impediments. Therefore, we are closer to the bottom and the big positive returns in 2000 for bonds will not continue.

### Bud Shapiro – Institutional Capital

The big question is what about the recession? If you ask thirty economists you get thirty different opinions. The indication is we will not have a severe recession. Year to date, the S&P is down 14%, only twice in history has the market been down two years in a row. We believe the market will rebound in the second half with a single digit positive return for the year (it's a long way to December and a long way to go).

Several positive important economic signs – the Fed may lower rates to 4% (currently 4.5%). Worldwide monetary policy is easing. The credit crunch appears to be over. Corporate profits are flat to slightly down which is not devastating. Dell will meet earnings expectations. We see many great buys in the market. Some stocks are ripe for takeover – such as oil stocks, and others like telecommunication and media stocks were in the wrong place at the wrong time with the tech sell off.

### FINDING BALANCE.....+++

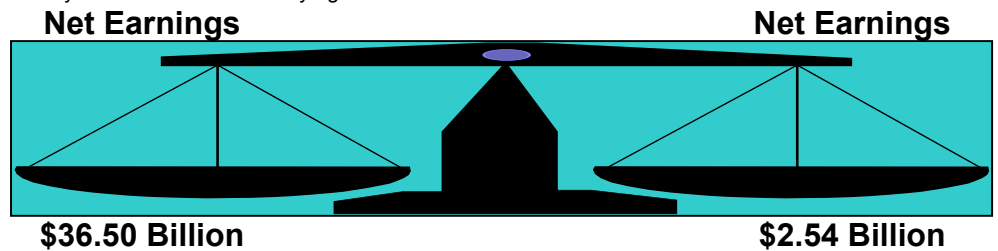
**March 23, 2000**  
**MARKET VALUE**  
**\$537 BILLION**

Procter & Gamble, Merrill Lynch, Ford, DuPont, MMM, McDonald's, FedEx, Anheuser-Busch, Mellon Financial, International Paper,

Sara Lee, AMR, Caterpillar, Fox Entertainment Group, Raytheon, Archer-Daniels Midland, Consolidated Edison, Staples, Texaco, Apple Computer, Aetna, Dow Jones & Co., Hilton Hotels, Goodyear Tire & Rubber & Maytag

**March 23, 2000**  
**MARKET VALUE**  
**\$541 BILLION**

**= CISCO**



### IN AN UNBALANCED WORLD.....

**March 15, 2001**  
**MARKET VALUE**  
**\$548 Billion**  
**Above Stocks**

**March 15, 2001**  
**MARKET VALUE**  
**\$148 Billion**  
**≠ CISCO**

