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Monthly Update

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E. Europe, Black Gold, & Value

With more Wall Street court cases in the news, one wonders if Wall Street can be trusted. A front running investigation is underway concerning some NYSE specialists. The NY attorney general wants the former NYSE CEO to pay back part of his huge pay. The disputed pay amount is not Mickey Mouse. Speaking of Mickey, about 10 years ago, I mentioned to my father that Michael Eisner earned \$20,000. He didn't seem to mind until I mentioned it was per hour. Now, some Walt Disney pension fund-stock holders are sure he is not worth his pay.

Eastern Europe funds are quite strong now, but we can't recommend the best (EUROX and LETRX) since they have 2% redemption fees for 6 and 12 months respectively. Energy and natural gas funds are in favor, viz. Profunds Energy (ENPIX) and Rydex Energy Services (RYVIX). Real estate is high on our lists. One wise investor we know uses real estate instead of the money market Buck. The London (FTSE-), and Germany (FDAC-) markets have improved since last month. The US dollar is finally appreciating and the Chinese appear to be preparing to move away from the dollar peg.

Our timing models are summarized on this page and we are long on the SP500, neutral on the NDX, long on gold, and short on bond yields (long on bonds).

The Value style continues to beat growth and, in contrast to last month, small beats large. So don't switch into large caps yet; midcap is good too (UMPIX). Technology is not interesting now (UOPIX) and the semiconductor area (SOX-X) seems to be a poor investment. In contrast, wireless remains a leading sector (WCPIX).

Because the markets can turn quickly, be ready. May the market be with you. (March 6, 2004)