

WHAT I DID FOR MY SUMMER VACATION

First, I didn't take it in the summer. Now that my wife has retired, we can go places in "off-season", limited only by the amount of vacation time I have.

So we decided to take the train to California, via Florida, during the last three weeks of October. Yes, I know, it's not the most efficient way to reach California, but the train trip is part of the vacation experience.

The trip had its amusing moments, such as the day we visited Catalina. The air temperature was in the mid-60s, and my wife and I were comfortable in T-shirts. Meanwhile, everybody around us, save for a few brave teenagers, was dressed in sweats or light jackets, and a few people even wore gloves, for you see October is "winter" in southern California.

My only connection to the Internet and to the stock market during the trip was via my web-enabled cellphone, and I knew I would pretty much be out of touch, so I put my TIAA-CREF retirement portfolio entirely into fixed-yield funds before departure. But we did run into some interesting investment-related incidents.

On one of our train trips (sorry, I don't remember which one, I think it was returning from California to Florida), we ate dinner with a retired doctor. At some point in the conversation, the subject of the stock-market bubble came up, and he remarked that he didn't do stocks. He had been invested in the last

great bubble, the 1960s, and his mutual funds plummeted in the 1970 and 1973-74 bear markets. (He didn't say exactly, but I got the impression he was in the high-growth stock funds of that time.) Eventually, he said, he cashed out at about 10 cents to the dollar.

My reply to him was that his experience was a classic example of survivor bias. Many of the 1960s go-go funds were simply liquidated or merged out of existence, and their poor records disappeared with them. That allowed the mutual fund companies to show the long-term track records of the survivors during the next great bull market of the 1980s and 1990s. ("Fraud in advertising", I call it.) Meanwhile, those folks who did hold onto their 1960s mutual-fund shares through all the consolidations of the past third-century might, today, have between 15 and 35 cents per 1960s dollar invested, because the former growth companies never did regain their luster.

At any rate, the doctor was living proof that it's possible to retire comfortably without taking on stock market risk if one has a good income, is able to save, and has a long time frame.

In California, the friends we stayed with are very well off.... upper upper middle class, one might say. Both are in high-tech (she telecommutes from home) and in their mid-40s. I asked the wife, weren't they in a position to retire any time they felt like it? Not quite, she said. They were debt-free except for a small

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mortgage on the house (for which she could “write a check” to pay it off anytime), and had a million dollars “in the bank” - that is, in a variety of savings plans such as 401(k)s. Their financial advisor has told them that to retire at their age, they would need \$6 million banked; at a normal retirement age (67) they would need only \$2 million. I surmise that they will reach an acceptable crossover point in about ten years; at any rate, it does not appear that they will ever have any financial problems unless they should both suddenly become unemployable.

In high-tech, that is more than a remote possibility. They had both planned to take some vacation time to spend with us. But the husband had recently been laid off from a division that IBM closed.... we arrived on a Friday, his new job began the previous Wednesday, so he had no accrued time to take off. And the wife's company had recently laid off 30% of its workforce and her workload had increased dramatically, so she couldn't take off the time she'd planned. (No problem, my wife and I still had plenty to do. We shopped for shampoo.... but that's another story.)

One thing this intelligent couple did do, in their prior (several) jobs, they exercised their stock options, took the money and ran during the bubble, as they regarded this gravy as extra bankable salary rather than as a long-term stock investment. That's why they have a million dollars “in the bank” while many of their compatriots watch their 401(k)s wither away.

On the final leg of our journey, as we drove through the DC area, we stopped to visit a friend with whom I'd worked at Data General in the 1970s. (Data General is now part of EMC). A little over a year ago, while she was working for Wiltel, she bought and moved into a larger condo a bit further out in the suburbs.... and she had done so based on what appeared to be pretty good job security. Even as the telecom bust hit, Wiltel kept assuring its employees

that it had plenty of cash reserves, enough to keep it in business for another year, it was the exception. Then one day out of the blue, at a Friday 9AM meeting, the pink slips were handed out, the e-mail was turned off, and the former employees were escorted to the door after being allowed to empty their desks of their personal effects.

Since this was only a few months after my friend had bought the new condo (which was convenient to her Wiltel job), she almost lost it during her period of unemployment. She now works as a contractor on customs databases.

In our vacation travels I had expected to hear more horror stories of how friends and acquaintances, or maybe friend of friends, had suffered in the bear market. But everybody seemed to be especially tight-lipped. During the bubble I had plenty of people bragging to me about the fortunes they were making in the bull market. Now, silence. I presume the news, if it were told to me, would not be good. They must have forgotten to sell. Oh, I forgot, they're “investing for the long term”.

Another thing that became obvious to me during our vacation travels is that the job market really sucks. Two highly-employable friends, and one was recently forced to find a new job and the other survived a 30% reduction in staff. A third friend lost her job in the telecom bust. And on our return we found that a fourth friend has been laid off from her insurance-industry job as of the end of the year. I can't ever recall so many of my (or our) friends having to scramble for jobs at the same time, not even in the 1975 recession. I know that employment is a lagging indicator, but it seems to me that the current job turmoil is indicative of an imminent (or it may already be here) second dip in the recession.... which will show up in the labor statistics well after the recession is underway.

QUOTES FOR THE MONTH

The party is almost over, the punch bowl is overturned, and in the gathering twilight we see a few bulls rooting around in the garbage. A bald little man comes in to refill the punch bowl, but nobody notices. - Richard Daughty

Monetary policy always works. - Wayne Angell [Nick's comment: Except for the 1930s, 1990s Japan, and today.]

Remember the days when any rate cut at all, surprise or expected, would send the market surging, even if only temporarily? This time, the market actually fell on the news initially, before managing to close moderately higher. Of course it plummeted the next day. How to interpret such a market response? Very simply. The market has finally caught on to the FACT that the Fed, and Alan Greenspan, are not financial geniuses able to single-handedly create whatever effects they desire in the economy. That the economy and the markets are BIGGER than any man, bigger than any cabal of bankers. In short, the market has lost faith that the Fed can engineer a successful tying of their shoelaces, let alone a financial recovery. - Mark M. Rostenko

I think the bear market is about halfway through in time, but less than halfway through in terms of price. - Bob Prechter [October 2, 2002]

There are some times when a stock market rally reflects a genuine confidence in the economic and business prospects of a country. And there are other times when the rally is financial joy riding by speculators who care not a whit for economic reality. I'll give you two guesses to figure out which kind of rally I think we've just had. The dollar, having been through its share of bullish benders and bearish busts, knows this. It knows that even lower interest rates won't cure the ills of a credit-sick American economy. It knows that debt does not create prosperity. And it knows that lower rates don't make up for already-high stock values. - Dan Denning

It is different...because all the debt that was built up to facilitate the "wild binge" in consumption of fancy cars and upgrading of houses by ordinary people, and purchase of new cars and houses by people who would not have been able to afford to buy them if "normal" credit assessment criteria had been applied - all this debt now has to be repaid. THE 30 YEAR PARTY IS OVER, AND THE HANGOVER NEEDS TO BE WORKED OFF. People, we need to understand that there is NO WAY that the equity markets have reached bottom. Price/Earnings ratios are still factoring in growth which...DOES NOT HAVE A SNOWBALL'S HOPE IN HELL of materializing. Price/Earnings ratios WILL fall to bring the financial world back to reality (and probably will also overshoot). - Richard Russell

I don't want to sound like the Grim Reaper here but if the Dow were in the same zone as the Nikkei, we would have a Dow of (sit down) 1250. - George Ure

....the market is beginning to approach levels at which the average investor stands the risk of losing his savings. The 2-1/2 year bear market has wiped out a substantial portion of paper profits made in the late 90s, but now it's on the verge of taking out his savings, the money he worked for and took out from his paycheck in order to buy stocks. Now the losses are about to become very real. No longer "house money" but "MY money". - Mark M. Rostenko

And if you're still holding stocks "for the long term," this could prove to be one of the most expensive long-terms in history. - Richard Russell

And when the bear market is finally over, one glorious day in the distant future, we hopefully will never again hear the idiotic phrase that has brought so much misery to so many people, "Investing for the long-term." Because any term that is longer than your own life is pretty much worthless to you.. - Richard Daughty

Wall Street's propaganda mill has accomplished the impossible - a bear market unaccompanied by fear - only the resolute acceptance that patience alone is all that is required to bring about a brand new bull market. - Alan M. Newman [Nick's comment: Fear to come.]

People who buy stocks at 30 times earnings may get rich...by accident. They don't deserve it. People who buy at 10 times earnings, on the other hand, may still go broke. But at least they have done their duty. They have bought low. If they never get the chance to sell high, well, too bad. At least they can go to the poorhouse like

an aristocrat to the scaffold, with their grace and dignity intact. - Bill Bonner

Barron's recently profiled 12 Wall Street strategists, entitling the article "Still Bullish". Still bullish when the S&P 500 has been halved, still bullish when the P/E ratio of the S&P 500 is twice its historical norm, still bullish when the P/E is 3-4 times as high as it was when previous bull markets began! Still bullish! If these analysts can remain bullish throughout the most vicious bear market most of us have ever seen, then who needs analysts? In these days of Wall Street budget slashing how about tossing some analysts out on the street and for the price of a sack of bird seed, hiring a parrot to squawk "I'm still bullish!" at various intervals? - Mark M. Rostenko

The number of business analysts that continue to recommend stocks (buy or hold) that are clearly in trouble, even as they tumble to become nearly worthless, defies imagination. Like junk bonds, there's junk advice. Fortunately some of these analysts are now being prosecuted for this utterly appalling advice. - Pauline Hannigan

As time went by it took more and more nothing to produce the illusion of something that people wanted.... during the first 3 decades following WWII the ratio of debt-to-GDP growth was fairly constant. For every extra dollar of GDP, debt went up by \$1.40. Recently, the ratio has gone out of whack - with nearly \$5 in debt for every extra dollar in GDP. There is a hint of desperation about these figures, we think. People are borrowing not to invest in new and better industries, but to keep up appearances. - Bill Bonner

The Fed, in its quarterly loan officers survey, found that almost half of the 48 U.S. banks that responded.... said that between 20 percent and 40 percent of customers that refinanced their home mortgages over the last six months engaged in "cash-out refinancing," meaning they increased their loan balances at the time of refinancing. The Fed surveyed a total of 55 U.S. banks. For customers who took out bigger loans when they refinanced, about 70 percent of banks said that the typical increase was between 5 percent and 15 percent of the original outstanding balance. - Jeannine Aversa

There is no mystery to what is happening today. The president and the Fed have urged Americans to spend, spend, spend in order to keep the economy going. This advice is so bad it's almost criminal. Here is how it works. You get rich by saving, not by spending. You produce something in order to get revenue. And you spend money in order to live and do your work. The difference is what makes you rich. I can go out and borrow a million dollars. And if I spend it, my standard of living will go way up. But when I have to pay it back, my standard of living will go way down.... Americans are now at the stage where they're going to have to pay it back. - Doug Casey

*Encouragement of consumption is no benefit to commerce, for the difficulty lies in supplying the means, not in stimulating the desire of consumption; and we have seen that production alone furnishes those means. Thus, it is the aim of good government to stimulate production, of bad government to encourage consumption. - Jean-Baptiste Say [A **Treatise on Political Economy**, 1803]*

I expect a decade of deflation, and this one is likely to be far trickier for investors to navigate than deflations of the past, since it will be the first to run its course with the backdrop of a bogus global money system. The dollar and most European currencies were sound when the U.S. entered the 1930s deflation, and this helped to stabilize the economy, albeit it at a moribund pace. This time, however, with hollowed-out money all but universal, and a relative dearth of hard collateral to settle debts, there is no predicting how deflation will play out. - Rick Ackerman

The Fed's ability to avoid depression is a myth in the sense that experience with business cycles over the past half-century has demonstrated only the Fed's ability to end recessions of its own making, usually in pursuit of price stability. As yet no central bank has succeeded in mitigating the aftershocks of an investment-led cycle, in

which overcapacity chronically depresses profits, as it did in the United States in the 1930s and Japan in the 1990s and has been doing again in the U.S. since early 2000. - John Makin [resident scholar, American Enterprise Institute for Public Policy Research]

It is no secret that for thousands of years there has been one economic catastrophe after another, with the impoverished survivors promising that they would never again, make that never never never again, allow their government to have control over the money. And that they pledged to make sure that the curse of a fiat currency would never again destroy the economy and the lives of their children. Well, until the twentieth century, anyway. Yet, here we are, in 2002, getting ready to make the same promises to ourselves, after allowing the damned government to do the One Sure Thing that the history of 4,000 years should have taught us. As the old saying goes, "There is no educational value in the second kick of a mule." So, suck it up, Mr. and Mrs. Investor. You are getting ready to pay the price for ignoring the Constitutional imperative that money shall only be of silver and gold. You acted like giggly children, ("I'm sixteen now, and I know everything!") and allowed the government, the latest incarnation of a long line of evil governments, to ruin you by running rampant with a rapidly expanding fiat currency, and a central bank to facilitate the whole thing. - Richard Daughy

If all the bank loans were paid, no one could have a bank deposit, and there would not be a dollar of coin or currency in circulation. This is a staggering thought. We are completely dependent on the commercial banks. Someone has to borrow every dollar we have in circulation, cash, or credit. If the banks create ample synthetic money we are prosperous if not, we starve. We are absolutely without a permanent money system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless situation is almost incredible—but there it is. - Robert Hemphill [a credit manager at the Federal Reserve Bank of Atlanta]

Back in 1990, CEOs received 130 times the wage of the average worker - and that was up from only 30 times in 1970. Today, the ratio has ballooned to 575 times. Are these golden boys (and girls) really worth it? - Eric Fry

More than one out of every 10 willing and able American workers right now don't have jobs.... The Labor Department last Friday announced that the U.S. unemployment rate rose to 5.7 percent in October from 5.6 percent in the previous month. No reason to panic, right? But take another look. That 5.7 percent unemployment rate - or what the government calls the U-3 rate - only includes people who are actively looking for work. The jobless rate soars to 9 percent when you include anyone who has given up looking for work because they can't find a job. And that figure - called the U-6 - doesn't include people who've given up looking for employment for more than a year. Washington disregards them entirely. Add up all the various levels of unemployment and you easily go over 10 percent. A better guess would be about 13 percent. - John Crudele

See, when the government spends money, it creates jobs; whereas when the money is left in the hands of taxpayers, God only knows what they do with it. Bake it into pies, probably. Anything to avoid creating jobs. - Dave Barry

....the Bank of Japan is inflating like mad. The adjusted monetary base is up by more than 20% since last year. M-1 is up by 30%. (This panic-level increase in money began in 2000.) The Bank of Japan is at fault. The CD rate is just slightly over 0%. Government bonds at a little above 1%. In short, the Japanese saver is getting reamed by the Bank of Japan. Is it any wonder that bank depositors are withdrawing currency? Why not? It is costing them almost nothing to get into currency, which leaves no records, and which will appreciate if banks collapse. Prices are falling, so the hoarding of currency leads to increased purchasing power, meaning increased wealth. What rational person wouldn't do this in Japan, where hardly anyone uses credit cards or debit cards? Yes, the M-2 rate is not growing by much: a little over 3%. That's because people are reducing their bank savings accounts, which pay no interest, in favor of increasing their holdings of currency. - Gary North

Capital has been consumed and misused. Everyone would surely be forced to concur that the sooner we cease the first and the quicker we attempt to correct the second, the better it will be for all of us. Instead, what do we find? Interest rates are slashed, reserves are injected by the central bank, and the mindless chant, "The economy depends on the consumer, the economy depends on the consumer" is repeated over and over again, as if a farm thrives on the crows pecking at the corn.... Every extra dollar borrowed by a consumer now puts us all a dollar further from recovery, the debtor a dollar closer to default, and his bank a dollar closer to a bigger loan loss provision than it would have had to face by foreclosing while there was still something to be salvaged. - Sean Corrigan

Only two things are infinite: The universe and human stupidity, and I am not sure about the former. - Albert Einstein

STOCK MARKET OUTLOOK

Until last summer, it was reasonable to expect that the stock market would trace out the usual postwar pattern, and to expect it would recover as the Fed drastically slashed bank interest rates, for consumer borrowing rates were sure to follow. In other words, one should assume the Fed was still in control (my Rule #1, before modification - "dance with the Fed"), until proved otherwise.

June/July, and certainly September/October, have certainly proved otherwise. Perhaps in July one could only have made an intelligent guess that the Fed had lost control, but September/October and the non-reaction of the markets to the latest (12th) Fed rate cut (of an unexpected 1/2%) make it clear that investors no longer care what the Fed does; it's become irrelevant.

In other words, since the Fed has lost control, we should now expect to follow a post-bubble-popping pattern similar to what the Japanese experienced in 1990-1994, until it is clearly demonstrated that this pattern is no longer operative.

Using both 1929-32 and 1989-1994 in Japan as a guide (and possibly 1970-74), which were major bear markets following popped bubbles, that means the current upswing in stocks is only a bear-market rally. This judgement is reinforced by the market's technical condition, which does not show the "fear of being left behind" which usually prevails when a new bull market is born.

But we are entering the time of the year for the "Santa Claus rally", one of the few market "truisms" that's really true. So I expect essentially a

neutral market to the last week of December..... a selloff to about Thanksgiving or a few days later, then a recovery to about December 26. The bear market will resume next year, probably early in the year and probably with a vengeance. The next stage of the bear is where people saving for retirement will figure out they're going to have to stash away *a lot more money* to retire, because Mr. Market isn't going to deliver those double-digit returns for many, many years. And they may not do it, they may just say, the hell with it, it was a pipe dream anyway.

The history of the generational bear markets of the Great Depression and 1990s Japan suggests that the first major bottom (from which mini-bulls and mini-bears will spring) may be only six to eight months away.... that most of the price declines will have occurred by midsummer 2003 and the bear should be over by year's end. But since this is a particularly vicious bear, and since all of the world's major economies and stock markets are simultaneously in decline, don't accept this as a hard-and-fast rule.... wait for solid signs that selling is exhausted before making long-term commitments to stocks.

My rules for investing used to be: (1) Dance with the Fed; (2) Don't overpay for the merchandise. I have revised them. They now are:

1. *When the Fed is in control, dance with the Fed. When the Fed has lost control, ignore this rule.*
2. Don't overpay for the merchandise.

PORTFOLIO REVIEW

The combined performance of the portfolios (including predecessors, but excluding "PIG" and TIAA-CREF) from January 1987 to the present, adjusted for the dilutive effect of added shares, is -19.75%, for a compound annual rate of return of -1.36%. For comparison purposes, from January 1, 1987 to November 18, 2002 (15.885years), the CREF stock unit value (whose performance closely parallels the S&P 500 with dividends reinvested) has risen 340.10%, for a compound annual rate of return of 9.78%. *WARNING: I am a rotten stockpicker.* Prices shown are as of November 19.

A. "Phoenix" -real portfolio, begun on October 1, 1995.

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
46	Citizens Communications	{CZN/nyse}	1Oct95			506.00	10.15	466.90
410.7	Prudent Bear Fund [410.687sh]	[BEARX]	30Aug02			3092.47	7.49	3,076.05
	CASH .00					.00		0.00
	Totals					7,298.47		3,542.95

SUMMARY - "Phoenix":

Original cost (adjusted):	\$ 4,998.21
Present value:	\$ 3,542.95
Increase:	\$-1,455.26 [-29.12%]

The performance of this portfolio and its predecessors ("Hedger's Delight", "Present and Future Income", "Crapshooter's Folly") from January 1987 to the present is -19.62%, for a compound annual rate of return of -1.35%.

COMMENT on "Phoenix": There is no change from the September issue (cash balance is not up to date).

B. "Professors' Investment Group (PIG)" - investment club portfolio.

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
60	Apple Computer Inc.	[AAPL/otc]	26Jun02			1034.80	15.27	916.20
50	Barrick Gold .11	{ABX/nyse}	14Nov96			1466.01	15.35	767.50
30	BP .30	[BP/nyse]	26Jan99			1292.50	39.36	1,180.80
30	Elan Corp. PLC ADR	[ELN/nyse]	28Oct99	15No02	36.34	766.25		
250	Elan Corp. PLC ADR		1Aug02			585.00	2.11	527.50
100	iShares MSCI Japan Index Fund	[EWJ/ase]	28Jun01			1035.00	6.64	664.00
100	Nokia OYJ ADR .18	[NOK/nyse]	14Jun01			2233.00	17.60	1,760.00
40	Palm Inc.	[PALM/otc]	5Jun02			1097.00	14.53	581.20
45	PolyMedica Corp.	[PLMD/otc]	26Jun02			1070.35	29.84	1,342.80
416	Prudent Bear Fund (418.16sh)	[BEARX]	10Oct02			3500.00	7.49	3,132.02

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
100	Xerox Corp.	[XRX/nyse]	1Aug02			685.00	8.05	805.00
	CASH & money market					2241.04		2,241.04
	Totals					15,971.15		13,001.86

SUMMARY - "PIG":

Original cost: \$ 9,899.00
Present value: \$13,001.86
Increase: \$ 3,102.86 [+31.35%]

COMMENT on "PIG": As directed by the PIGs, I sold the (remaining) 30 original Elan shares on November 14 for the tax loss (actually sold at \$2.31 per share; Fidelity's commissions keep creeping up). On October 10, just before leaving for vacation, I bought for the PIGs some Prudent Bear Fund, to act as a "cushion" during the next bear downleg. Not the best timing on Prudent Bear, but I wasn't going to try to execute a trade on my cellphone while riding the train.

C. Roth rollover IRA - real portfolio, includes commissions:

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
102.6	AmerCent GlobalGold [102.629sh]	[BGEIX]	28Dec94			1050.00	7.64	784.09
132.6	Cr Suisse Japan Grwth (132.631sh)	[WPJGX]	12Jan01			887.30	3.70	490.73
102	Freeport-McMoRan Copper&Gold	[FCX/nyse]	27Dec94			2348.60	13.75	1,402.50
35	iShares Lehman 20+yr Treasury	[TLT/ase]	30Aug02			3058.75	87.82	3,073.70
11	New Germany Fund	[GF/nyse]	20Dec91			53.50	3.66	40.26
265.2	Prudent Safe Harbor [265.175 sh]	[PSAFX]	5Sep02			2988.00	11.24	2,980.57
	Money market					23.26		23.26
	Totals					10,409.41		8,795.11

SUMMARY - IRA:

Original (1983-86) cost: \$ 8,326.19
Present value: \$ 8,795.11
Increase: \$ 468.92 [+5.63%]

The performance of this portfolio (including its predecessors) from January 1, 1987 to the present is -19.80%, for a compound annual rate of return of -1.36%.

COMMENT on IRA: There is no change from the last issue. So far, my switch from bullish to bearish tack in this portfolio hasn't yielded much fruit. But I do expect the dollar to continue to decline (PSAFX), and I do expect ultrasafe bonds to continue long-term bullish (TLT), and I do eventually expect gold to respond to difficult economic times and/or war (BGEIX, FCX). Japan? Well, we'll see, so far not much hope the Japanese will be able to work their way out of their 12-year post-bubble malaise.

D. TIAA/CREF 403(b) retirement plan; I switch between indexed stock/bond/money funds:

Date	Sold	Bought	Date	Sold	Bought
13Mar1992	stock @ 56.65	MM @ 13.41	17-18May2000	rate adjustment to 7.25% in SRA	
29Apr1992	MM @ 13.48	bond @ 31.19	12-13Jul2000	rate adjustment to 7.5% in SRA	
19Jun1992	bond @ 32.14	MM @ 13.55	8Jan2001	TIAA Traditional	bond@58.62 [22.77%]
29Jun1992	MM @ 13.57	stock @ 56.74	8Jan2001	TIAA Traditional	eq-idx@75.79 [4.56%]
24Jul1992	stock @ 56.76	MM @ 13.61	1Feb2001	i-i bond@31.78	eq-idx@80.84 [26.76%]
29Oct1992	MM @ 13.72	stock @ 58.61	20Sep2001	bond@61.99	eq-idx@58.42 [2.44%]
23Dec1992	stock @ 61.48	MM @ 13.78	21Nov2001	i-i bond@33.80	eq-idx@67.52 [4.35%]
16Jan1995	MM @ 14.83	equity-idx @ 26.44	11Dec2001	i-ibond@33.28	eq-idx@67.95 [6.19%]
20Jan1995	eq-idx @ 26.19	MM @ 14.84	17Dec2001	i-i bond@33.13	RIEst@168.75 [9.94%]
30Oct1997	MM@ 17.24	bond@47.56 (27.17%)	17Dec2001	bond@61.54	RIEst@168.75 [9.26%]
30Oct1997	MM@ 17.24	i-i bond@26.12 (27.17%)	31Dec2001	i-i bond@33.50	eq-idx@68.74 [8.21%]
11Feb1998	bond@ 48.84	MM@17.52 (27.17%)	25Mar2002	bond@62.43	TIAA Traditional [9.13%]
11Feb1998	li-i bond@ 26.23	MM@17.52(27.17%)	26Mar2002	bond@62.63	eq-idx@68.76 [3.39%]
16Jun1998	MM@ 17.84	TIAA Traditional (45.87%)	July-Aug2002	many whipsaw switches, not calculated yet	
23Sep1999	MM@18.99	I-I bond@27.56 (53.32%)	Oct-Nov2002	switches between MM and i-i bond	

Values, 18Nov2002: stock, 130.93; equity-index, 54.70; MM, 21.61; bond, 67.54; inflation-indexed bond, 37.94; real estate, 172.96; TIAA current yield in SRA, about 6.5% (new money at 4.5% through February 28, 2003). As of November 18, 2002, my retirement portfolios were invested: 51.11% in TIAA, 22.26% in TIAA Real Estate, and 26.63% in CREF inflation-indexed bonds.

Gain, 1988: 18.91%; 1989: 14.48%; 1990: 8.28%; 1991: 27.93%; 1992: 10.20%; 1993: 3.08%; 1994: 4.07%; 1995: 4.80%; 1996: 5.28%; 1997: 5.38%; 1998: 5.72%; 1999: 5.12%; 2000: 9.99%; 2001: 1.11%

Gain, January 1 through March 31, 2002: 0.97% (3.86% annual rate of return)

Total gain since January 1, 1988 (14.25 years): 223.43%

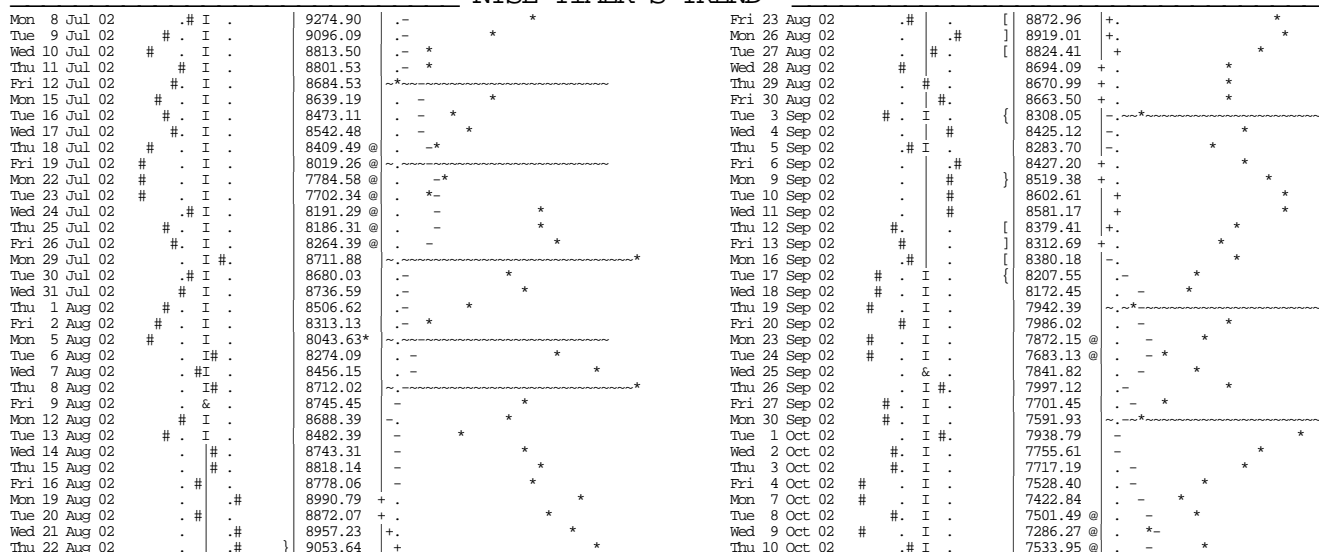
Compound annual rate of return: 8.59% (My long-term target: in excess of 10%)

Gain shown excludes the impact of additional monthly cash contributions.

(Please note that I have not had the time to calculate my rate of return beyond March 2002, and may not get the time until I retire.)
Buying CREF stock on January 1, 1988 and holding it gained 422.38%, for a compound annual rate of return of 11.46%.

Comment on NYSE "Timer's Trend": We are currently on a BUY signal of November 1, but it is an EXTREMELY WEAK signal, with subsequent whipsawing of the more sensitive 10% exponential. I would exercise caution with this signal, as we are still in a bear market and therefore it is a bear-market-rally signal.

NYSE TIMER'S TREND



Fri 11 Oct 02	. I# .	7850.29	. - *	Thu 31 Oct 02	. #	8517.64	- . *
Mon 14 Oct 02	# I .	7877.40	. - *	Fri 1 Nov 02	. # .	8517.64	- . *
Tue 15 Oct 02	. I #	8255.68	. - *	Mon 4 Nov 02	. #	8751.60	+ . *
Wed 16 Oct 02	# I .	8036.03	. - *	Tue 5 Nov 02	. # .	8678.27	+ . *
Thu 17 Oct 02	. & .	8275.04	. - *	Wed 6 Nov 02	. # .	8771.01	+ . *
Fri 18 Oct 02	# I .	8322.40	. - *	Thu 7 Nov 02	# .	8586.24	+ . *
Mon 21 Oct 02	. I# .	8538.24	. - *	Fri 8 Nov 02	# .	8537.13	+ . *
Tue 22 Oct 02	# I .	8450.16	. - *	Mon 11 Nov 02	# .	8358.95	- . *
Wed 23 Oct 02	. I# .	8494.27	. - *	Tue 12 Nov 02	# .	8398.00	- . *
Thu 24 Oct 02	# I .	8317.34	. - *	Wed 13 Nov 02	# .	8398.49	- . *
Fri 25 Oct 02	. # .	8443.99	. - *	Thu 14 Nov 02	. #	8542.13	- . *
Mon 28 Oct 02	. # .	8368.04	. - *	Fri 15 Nov 02	. #	8579.09	- . *
Tue 29 Oct 02	# I .	8368.94	. - *	Mon 18 Nov 02	. #	8486.57	+ . *
Wed 30 Oct 02	. # .	8427.41	. - *	Tue 19 Nov 02	. # .	8474.78	+ . *

Comment on NASDAQ "Timer's Trend": We're currently on a BUY signal given November 14, but like the NYSE, the signal is weak and the 10% exponential is whipsawing, so caution is advisable.

NASDAQ TIMER'S TREND

Mon 8 Jul 02	# . I .	1405.61	. - *	Fri 13 Sep 02	. # I .	1291.40	- . *
Tue 9 Jul 02	# . I .	1381.12	. - *	Mon 16 Sep 02	# . I .	1275.88	- . *
Wed 10 Jul 02	# . I .	1346.01	. - *	Tue 17 Sep 02	# . I .	1259.94	- . *
Thu 11 Jul 02	# . I .	1374.43	. - *	Wed 18 Sep 02	# . I .	1252.13	- . *
Fri 12 Jul 02	# . I .	1373.50	. - *	Thu 19 Sep 02	# . I .	1216.45	- . *
Mon 15 Jul 02	# . I .	1382.62	. - *	Fri 20 Sep 02	# . I .	1221.09	- . *
Tue 16 Jul 02	# . I #	1375.26	. - *	Mon 23 Sep 02	# . I .	1184.93	- . *
Wed 17 Jul 02	. # I .	1397.25	. - *	Tue 24 Sep 02	# . I .	1182.17	- . *
Thu 18 Jul 02	# . I .	1356.95	. - *	Wed 25 Sep 02	# . & .	1222.29	- . *
Fri 19 Jul 02	# . I .	1319.15	. - *	Thu 26 Sep 02	# . I .	1221.61	- . *
Mon 22 Jul 02	# . I .	1282.65	. - *	Fri 27 Sep 02	# . I .	1199.16	- . *
Tue 23 Jul 02	# . I .	1229.05	. - *	Mon 30 Sep 02	# . I .	1172.06	- . *
Wed 24 Jul 02	# . #I	1290.23	. - *	Tue 1 Oct 02	# . I .	1213.72	- . *
Thu 25 Jul 02	# . I .	1240.08	. - *	Wed 2 Oct 02	# . I .	1187.30	- . *
Fri 26 Jul 02	. & .	1262.12	. - *	Thu 3 Oct 02	# . I .	1165.56	- . *
Mon 29 Jul 02	. I# .	1335.25	. - *	Fri 4 Oct 02	# . I .	1139.90	- . *
Tue 30 Jul 02	# . #I	1344.19	. - *	Mon 7 Oct 02	# . I .	1119.40	- . *
Wed 31 Jul 02	# . I .	1328.26	. - *	Tue 8 Oct 02	# . I .	1129.21	- . *
Thu 1 Aug 02	# . I .	1280.00	. - *	Wed 9 Oct 02	# . I .	1114.11	- . *
Fri 2 Aug 02	# . I .	1247.92	. - *	Thu 10 Oct 02	# . #I	1163.37	- . *
Mon 5 Aug 02	# . I .	1206.01	. - *	Fri 11 Oct 02	# . #I	1210.47	- . *
Tue 6 Aug 02	. & .	1259.55	. - *	Mon 14 Oct 02	# . I .	1220.53	- . *
Wed 7 Aug 02	# . I .	1280.90	. - *	Tue 15 Oct 02	# . I #	1282.44	- . *
Thu 8 Aug 02	# . #I	1316.52	. - *	Wed 16 Oct 02	# . I .	1232.42	- . *
Fri 9 Aug 02	# . I .	1306.12	. - *	Thu 17 Oct 02	# . #	1272.29	- . *
Mon 12 Aug 02	# . I .	1306.84	. - *	Fri 18 Oct 02	# . #	1287.86	- . *
Tue 13 Aug 02	# . I .	1269.28	. - *	Mon 21 Oct 02	# . # .	1309.67	- . *
Wed 14 Aug 02	. & .	1334.30	. - *	Tue 22 Oct 02	# . # .	1292.80	- . *
Thu 15 Aug 02	. #I	1345.01	. - *	Wed 23 Oct 02	# . # .	1320.23	- . *
Fri 16 Aug 02	. #I	1361.01	. - *	Thu 24 Oct 02	# . # .	1298.71	- . *
Mon 19 Aug 02	. I# .	1394.54	. - *	Fri 25 Oct 02	# . # .	1331.13	- . *
Tue 20 Aug 02	# . I# .	1376.59	. - *	Mon 28 Oct 02	# . # .	1315.83	- . *
Wed 21 Aug 02	# . I #	1409.25	. - *	Tue 29 Oct 02	# . # .	1300.54	- . *
Thu 22 Aug 02	# . # .	1422.95	. - *	Wed 30 Oct 02	# . # .	1326.73	- . *
Fri 23 Aug 02	# . # .	1380.62	. - *	Thu 31 Oct 02	# . # .	1329.75	- . *
Mon 26 Aug 02	# . # .	1391.74	. - *	Fri 1 Nov 02	# . # .	1360.70	- . *
Tue 27 Aug 02	# . I .	1347.78	. - *	Mon 4 Nov 02	# . # .	1396.54	- . *
Wed 28 Aug 02	# . I .	1314.38	. - *	Tue 5 Nov 02	# . # .	1401.17	- . *
Thu 29 Aug 02	# . #I	1335.77	. - *	Wed 6 Nov 02	# . # .	1418.99	- . *
Fri 30 Aug 02	# . I .	1314.85	. - *	Thu 7 Nov 02	# . # .	1376.71	- . *
Tue 3 Sep 02	# . I .	1263.84	. - *	Fri 8 Nov 02	# . # .	1359.28	- . *
Wed 4 Sep 02	# . #I	1292.31	. - *	Mon 11 Nov 02	# . I .	1319.19	- . *
Thu 5 Sep 02	# . I .	1251.00	. - *	Tue 12 Nov 02	# . # .	1349.56	- . *
Fri 6 Sep 02	# . I# .	1295.30	. - *	Wed 13 Nov 02	# . # .	1361.34	- . *
Mon 9 Sep 02	# . I .	1304.60	. - *	Thu 14 Nov 02	# . # .	1411.52	- . *
Tue 10 Sep 02	. & .	1320.09	. - *	Fri 15 Nov 02	# . # .	1411.14	- . *
Wed 11 Sep 02	. #I	1315.45	. - *	Mon 18 Nov 02	# . # .	1393.69	- . *
Thu 12 Sep 02	# . I .	1279.68	. - *	Tue 19 Nov 02	# . # .	1374.51	- . *

"Timer's Trend" is based on 4% and 10% exponential moving averages of the New York Stock Exchange or NASDAQ advance/decline lines (that is, the ratio of advancing to declining stocks). There are many symbols shown above, but the ones that count are the braces: {, } = "Timer's Trend" (4% exponential confirmed by 10% exponential) SELL ({} or BUY ({} signal.

NEXT ISSUE - will appear in late November or early December.