

SATELLITE RADIO

The February 17 issue of **Barron's** had a feature article on satellite radio which highlighted the prospects for success of the two players in the field, XM and Sirius. Of course, my interest was peaked because of my many years as a volunteer doing classical-music radio shifts, and also because I really don't like to listen to much else except classical music while I'm driving.

The article noted that classical-music shows are disappearing from the airwaves. That's the truth. We classical-music lovers who live in the Northeast tend to be spoiled by the availability of classical music on the airwaves. Generally, you can drive anywhere in the southern New England states, and through most of the lower half of northern New England, and be able to connect with at least one classical-music program during non-commuting hours or in the evening. (But not necessarily on Saturdays. For some reason, the station managers act as if their classical-music audiences go into hibernation on Saturdays.)

The feast begins north of Portland, Maine, with commercial station WBOQ. Just as it fades, Boston commercial station WCRB comes into range.... also public radio station WGBH, which has weekday classical music. As you head through central Massachusetts, you can pick up (variously) WGBH, WFCR (Amherst) and WAMC (Albany).... plus, of course, my own program on WCUW if you're in the area Monday nights. As you cross the state line into Connecticut, Connecticut Public Radio (on various

frequencies) appears, along with a college station or two, and the continuing presence of WFCR.

In Danbury, just as the Connecticut stations fade away, up pops the signal of the venerable WQXR from New York City.

So far, so good.... but south of New York City you begin to see what **Barron's** is talking about. Only a few years ago, in central New Jersey, as WQXR faded away one could switch to WFLN in Philadelphia. It's now gone. As one approaches Baltimore, there is a college station or two, then WJBC in Baltimore. As it fades, one comes into range of WETA public radio in DC, and also a commercial classical station.

Then from Richmond south through North Carolina, it's pretty much deadsville (unless you go near Raleigh). You'd better like either rock or country, or just keep the radio turned off. In South Carolina you have reached the South Carolina Educational Radio Network, where you usually can find some classical music during the day.

In northern Florida a public radio station in Jacksonville sometimes broadcasts classical music during the day. Then, approaching Orlando, you pick up WMFT with its daytime and (sometimes) evening classical music. Heading toward Miami, as WMFT fades there is a public station in Fort Pierce which comes into range, but it appears to have recently

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changed its format from classical to public affairs. Then, near Miami there used to be commercial classical station WTMI, but it's now gone.

Shortly after we were married, my wife and I decided to drive south to Florida to visit her parents and Miami Beach relatives. This was the first time I'd driven any further south than Fort Dix, and my wife (who grew up mostly on Army bases in the South) told me to be prepared for a little culture shock.... don't expect classical music on the radio south of Washington. Expect lots of country.

So imagine my pleasant surprise when, on the drive down, we had classical music all the way except for a little dead spot in North Carolina. Sadly, the situation now seems to be reverting to what prevailed when she was growing up.

The reason, of course, is money. Now that conglomerates can own hundreds of radio stations, the airwaves are becoming homogenized and the local touch is being lost. And computerization is what makes it possible.

For many years (in addition to her volunteer work at WCUW) my wife was a part-time radio announcer at WSRS/WTAG in Worcester. When this and its family-owned sister stations were sold to a radio conglomerate, the new owners immediately computerized, which caused the loss of jobs for all but the full-time daytime staff.

Ever called one of these big conglomerate-owned stations on the weekend? Don't bother.... all you'll get is no answer, or maybe a recorded message or voicemail. There's nobody there. From Friday evening to early Monday morning, computers run the whole thing. Once in awhile the computers screw up and you'll hear three commercials running simultaneously, but for the most part they do their job correctly.

Anyway, to get back to my point, because conglomerates can run many radio stations from just a few satellite feeds, and can market a nationwide audience to their advertisers, even the formerly-niche (lower-power) radio frequencies have become valuable properties. There just aren't enough classical-music listeners, except in urban pockets, to carry any marketing clout against this onslaught. So the trend

that **Barron's** has noted continues, and unless the country suddenly gets turned on to classical music *en masse*, I would expect most of the remaining classical-music stations, even here in the Northeast, to eventually disappear.

The only classical-music station I know that will survive as such is WCRB, because its majority stockholder, Ted Jones, put his shares into trust shortly before he died of cancer, and the terms of the trust dictate that the classical-music format must be retained.

OK, again attempting to return to my point.... the radio in my car was dying, and I needed a new one, so I went to Worcester (the financial backwater of America) Radio & Speedometer to buy a new one. I'd heard of satellite radio, and had seen the **Barron's** story, and in the store's showroom I actually had a chance to try out a satellite receiver, because the store subscribes to the XM service for \$9.95 per month. And I was definitely interested, because I have seen the trend toward less classical music on the airwaves, and I'd like to be able to drive while listening to more classical music than I can carry on CDs in the car.

At first I couldn't locate any classical on the receiver by myself, so I asked for help. After a little fishing around the clerk came up with a channel card. XM offers 3 classical-music channels. One is identified as "classical", and it was broadcasting a string quartet. The second is identified as "vox", which presumably means anything that is sung. Now I love choral music.... but I am not fond of lieder (songs) or opera, unless I am seeing the opera being performed. But to XM, vox includes opera.... and that is what was on the second channel, one of those *sturm und drang* Wagnerian behemoths. The third channel is identified as "pops" (Strauss waltzes, stuff like that). Also not a favorite of mine.

So, out of 100 channels offered, I would have enjoyed listening to exactly *one*. I was not impressed. For ten bucks a month, I would have expected more choices in my listening genre. I bought an ordinary radio, deciding to take my chances with the open airwaves. (After all, I can get WCRB almost everywhere in eastern and central Massachusetts.)

Barron's seems to think that XM stands a good

chance of reaching its breakeven point of two to three million subscribers in two years, because auto maker General Motors is aggressively pushing satellite radio in its new cars. If satellite radio really catches on, XM could become enormously profitable very quickly, because the add-on cost of servicing additional subscribers is small. (Sirius is in dicier financial condition and may not survive long enough to reach its break-even point.)

I, on the other hand, am old enough to remember the promises from the early days of cable TV. The promoters of cable promised not only better signals (they delivered), but a wider choice of *commercial-free* programming, since the cost of programming would be covered by the cable fees. As long-term **Contrarian's View** subscribers know, I consider the cable feed we recently brought into our home to be an expensive high-speed Internet connection, because that's all it's good for. The TV part is just commercial-saturated garbage, as far as I'm concerned. (But my wife likes the old movies.)

XM currently has "limited" commercials on its non-music channels. But if satellite radio really takes off, and the big players move in/take over, I would expect

the satellite "airwaves" to develop the same way cable did.... commercial-glutted garbage, only more of it, forcing the "free" channels to become even more garbage to compete. But just as TV had golden years, there might be a few golden years for XM before its high-quality, mostly-commercial-free programming is buried by the commercial onslaught. A rocket ride in the stock, maybe, if satellite radio catches on.

Now, let me tell you what *would* be worth \$10 a month to me: A receiver that is an *internet streaming audio* connection ("radio-on-demand", I guess you could call it). At home, using my browser, I would connect to the service and select which streaming audio channels from those that are available on the Internet I would want fed from satellite to the receiver in my car. The radio would have a button to scroll through my choices. (WFMT in Chicago, WQXR in New York and WCRB in Boston would certainly be top choices for me, also probably a CBC station.) Don't presume to pick my music for me from a lousy 100 channels.... let me pick what I want for myself.

XM, are you listening?

QUOTES FOR THE MONTH

Only producers can afford to buy things. A consumer qua consumer has no economic value or power. The only way that consumers who are not (adequate) producers can buy things is to borrow the money. So when economists tell you that the consumer is holding up the economy, they mean that expanding credit is holding up the economy. This is a description of the problem, not the solution! The more the consumer goes into hock, the worse the problem gets, which is precisely the opposite of what economists are telling us. - Bob Prechter

Deflation. What a word! Instead of having to say "We're losing our shirts because the stupid investments and stuff we bought, for which we paid waaayyyy too much money, are now reverting to their proper, and much lower, value." So, instead we say "deflation," which is much shorter, and much less embarrassing to say. You say deflation. I say Orwellian NewSpeak. - Richard Daughy

Lowry's just gave a "sell signal" based on the 25 points rise in the Selling Pressure Index from its January 13 low -- this together with the collapse in the Buying Power Index to a 5 1/2 year low. Following such "sell signals" the market usually rallies for a few days before resuming its downtrend. Which is where we are now, in the rally phase. Both the 200-day MA of the Dow and the 50-day MA of the Dow are now in declining trends. The Dow is rallying from below its 50-day MA. Once the Dow and the market turn down from this position, the decline can be really nasty. I look for some brutal downside action coming up. In fact, I look for some panic action somewhere during the months of February and March. The really nasty action may not come until the Dow breaks below its October low, and by the way I do believe that breaking the October lows is only a matter of time. - Richard Russell [February 4]

Worldwide, forecasters are virtually united in saying that the string of big losses in the stock markets is bound to stop after three years. It does not bother them that the very same forecast made a year ago went utterly wrong. For sure, a mere lapse of time will not stop this downturn. - Kurt Richebächer

If you read the newspapers and magazines throughout late December and into January, you find that the people who are being interviewed are virtually unanimous in calling for an up year. For example, there were two or three magazines that interviewed as many as 15-30 people, major professional money managers, expert stock brokers, firm analysts and so forth, and we found that between 80 to 95% of those interviewed in those magazines were bullish. We just got the latest figures from Investor's Intelligence, which reports twice as many bullish advisors as bearish. None of these indicators would be in this position had we actually made a major bottom in October. It is literally impossible that we made a major bottom because psychology did not reflect it and still doesn't... we are actually approaching the point of recognition, which for Elliott wave enthusiasts means the third wave of the third wave, the center point of the decline. I think we are likely to hit it this quarter, and I think the rally attempt that we had in January was the last gasp for the bulls and we are already heading down into what could turn out the crash part of this bear market. - Bob Prechter

Inventories are building, and this is where the industrial output has been going. It has, therefore, not been going into sales. How much longer do you think that businesses can keep merely building inventories that are not being sold? Maybe longer than we thought. Ford Motor Company has said that, yes, they lose money on each car they sell, but those losses are less than the large losses that they would incur if they just stopped making cars. What a business model, eh? - Richard Daughty

From 1947-1973, there was a steady increase in household productivity and compensation. But from 1973 through 1993, the years heralded by the press as "the decades of greed", there was zero family income growth. To stay even, more wives entered the work force. But it had an unforeseen consequence: the real wages of men fell. In 1979 a man earned \$677 a week, on average. In 2000, 21 years later - he earned \$33 a week less. Women, on the other hand, saw an increase of only \$47 per week over the same 20-year period. And their incomes remain lower than those of men. - Addison Wiggin

American capitalism historically contained constraints on the natural human propensity to borrow. But in the last twenty years, these limits have been systematically destroyed in the name of creating a more efficient financial system. We now have a system with greater technical efficiency but also one that gives borrowers far more rope with which to hang themselves—if they are inclined to try. Witness the conversion of the humble home mortgage into an exotic and liquid financial instrument plugged into the global money markets. Twenty-five years ago, most mortgages were issued by local banks from money raised through local deposits. Today, most mortgages are marketed by a variety of institutions from national banks like Citibank to mortgage-only companies like Ditech. But the money actually comes, via various intermediaries, from Wall Street and other money markets. Mortgages are bundled into financial instruments that are traded all over the world like stocks or bonds. This conversion has produced a financial system in which it is easier for available capital to flow to people who can pay the best price to use it. The downside is that it has removed the traditional restraints on the propensity to go into debt. - Robertson Morrow

As you look at the data, the overwhelming fact that jumps out is that the most important single factor that determines your future investment returns is the point from which you start calculating. If you start during a period when P/E ratios are dropping (secular bear markets), your return for at least the next decade is going to be flat at best. If you start when P/E ratios are rising, your returns are going to be very good. They can very well be in the 10% plus range for long periods of time. Sadly, we are now in a period of where P/E ratios are going to go down. This is a process that will take many years to finally complete. That means investors cannot use the investment strategies which worked during the last two decades. They cannot use relative-return 'buy and hold' index funds, or even most stock mutual funds, and expect to make progress. - John Mauldin

I think the people in the Fed who say that all they need to do is turn on the printing press don't realize that they don't have a machine in front of them with their hands on the levers. What they have is a sea of people. People act differently from machines. They can get afraid. They can become excited. We have quite a bit of transparency these days, so people will know what the Fed is doing, and whatever the Fed does, I think, in this direction is going to panic the credit markets. We have 30 trillion dollars worth of credit out there. That is if you don't count things like Social Security and Medicare promises, unfunded pension plans of corporations and a lot of other things that could probably double that figure, but let's say \$30 trillion. If you are a bond holder and you have, say, several million dollars' worth of government bonds, and suddenly the Fed governor says he is going to turn on the light in the basement of the printing press office and start running the machines, what the heck are you going to do? You are going to sell your debt paper. If that were to happen on a large scale, it would cause a contraction of the overall supply of credit, the value of the credit, which would be deflation. So strictly in my opinion, the size of the outstanding credit we have today is so great that it would dwarf any initial efforts to keep the money supply inflated. Ultimately, once credit collapsed, purely printing paper would certainly have a hyper-inflationary effect. But first, you have to get past the credit markets. I don't think they will stand idly by while some Fed governor prints cash. (I am, let's say, 70% confident about deflation. But I am fully confident about crash and depression, because even if the Fed were somehow successful in creating inflation, it would not help the economy. "Printing money" seems to imply value creation, but printing notes just transfers -- i.e., steals and distributes -- monetary value from savers to others. You can't grow an economy by printing notes because it's just a transfer of monetary value from people who are conscientious to others who are not. You might be able to grow inflation that way but not the economy. Credit is different because the lender thinks he still has the value and often does. Credit inflation is what we have had in recent decades, not money printing. It's a key difference. So while the government and the Fed might be able to ruin the monetary unit, they can't prevent the developing depression from taking place.) - Robert Prechter

So, the next time you hear the question, "Are we headed in the same direction as Japan?" all you have to do is ask them, "What makes you think we won't? Don't they subscribe to the same idiotic macro-economic theories that have infested the USA? Don't they have a central bank that operates a perpetual-stimulus machine, just like we have here? Don't they have a monstrously huge and thoroughly corrupt government of wimpy, worthless weenies just like we have here?" - Richard Daughty

Call me naive, but I just wish that -- for once -- these guys would say what they're REALLY thinking while the cameras are rolling. I bet it would go something like this: Senator: "Alan, you got some nerve to come tell us that we shouldn't spend more than we take in. Dude, you're the one who jabbars on about how great it is when people take out a second mortgage and spend it AT THE MALL, for cryin' out loud. So why shouldn't we cut taxes and increase spending? If debt is good, why isn't more debt better?" Fed Chairman: "Look, Jim, if you don't want me in your face about deficits, then tell your blowhard colleagues not to call me up here. But since you ask, of course debt is good, and I'm doing what I can so consumers won't stop piling up the debt. So, you don't need deficit spending. If the economy really starts to tank, we'll crank up the printing presses. I'll leave the country knee-deep in greenbacks if I have to, man. I had my No. 2 guy say as much in Money magazine. Don't you read?" - Robert Folsom

Greenspan was probably the last person to acknowledge that soaring stock prices of the late 1990s represented an asset bubble. Now he says a housing bubble is unlikely. Why should we trust his bubble-detection kit? - Caroline Baum

Things economic continue to spiral down and down, each successive datum point adding to the burden of misery. To add just that little bit of farce, CNBC posed the question, "Is Alan Greenspan to blame for our economic problems?" They then trotted out a phalanx of morons, including Lyle Gramley, former Fed governor, to say "no." If they had asked me, I would have responded with another question, "If not him, then who? And how in the hell could this other person have accomplished the feat without the power to pursue

irresponsible monetary madness to finance it?" - Richard Daughty

So when I hear one of the Fed governors assure us that they won't make the same mistakes that the Fed made in the early 1930s, I say it is too late. You have already made two decades' worth of mistakes, and you can't escape them. - Robert Prechter

At one point I was a retail broker for a major Wall Street firm. As such, I would often meet with clients in their home or business. One night I found myself sitting across from a couple on their couch in their living room. I was trying to get them to buy GE stock for their account. The conversation meandered until the husband finally turned to his wife and said, "With the money we make in the stock, we can put a sunroom off the kitchen." It hit me right then and there that the vast majority of people do not buy stocks because they think a company's earnings are growing, or that the CEO is smart, or that the company's particular products are of good quality, people buy stocks for one reason and one reason only----they think they're going to get rich. It is an emotional decision and everything else, from earnings to the product to the smile of the CEO is nothing but a rationalization of that emotionally-based decision. If you understand this one point, you are light years ahead of 99% of the people on Wall Street. - Steve Hochberg

Notwithstanding gold's troubling short-term indicators, the metal's long-term prospects still gleam brightly. As long as the Fed vows to combat deflation by dropping dollar bills from cargo planes, gold's investment potential is assured. - Eric Fry

After World War II the Japanese were asked why they didn't invade the West Coast of the United States after bombing Pearl Harbor. Reportedly they said they resisted the temptation because they were keenly aware that many Americans (especially in the West) were both armed and proficient with firearms. Likewise, after the Cold War a group of CIA and KGB types were talking and trading Cold War stories when the question came up about plans to invade the continental United States. The Russians laughed, "Not as long as you have so many armed citizens." - Geoff Metcalf

STOCK MARKET OUTLOOK

It currently appears the (continuation of) war with Iraq will get underway in mid-March, whereupon everybody (including me) expects a monster rally in stocks (and a corresponding slump in bonds). Well, yes, for maybe two days, but after that things will depend on how the war turns out.

And the key is not how it turns out in absolute terms (for we will rather quickly subdue and occupy Iraq, no question) but whether the outcome meets or exceeds expectations, expectations which have already been discounted in the market.

In Gulf War I we were haunted by the specter of Vietnam, and many.... maybe most..... people thought we would get bogged down in an unwinnable war like Vietnam or like the Soviets in Afghanistan. Today, for Gulf War II, people's expectations (I think) are largely shaped by the experience of Gulf War I, and they expect something resembling a high-tech total

victory and complete surrender by and occupation of Iraq within a week, with virtually no allied casualties.

Though I, too, think that is the most likely outcome, a few possibilities do trouble me. One is that Saddam has dispatched chemical and biological protective gear (to protect against the weapons of mass destruction he says he doesn't have) to some of his troops, and he is clearly willing to use his civilian population as hostages against targeted attacks. I'm not convinced our soldiers are fully prepared for chemical/biological warfare, nor do I think the war effort is prepared to cope with massive civilian casualties. Intelligence also seems to indicate that Saddam has wired Iraq's oil wells for destruction as soon as our troops move in and occupy territory. I can envision a scenario where, with oilfields aflame, a chemical or biological cloud of death rolls over our troops, after it has first killed off half the people in Baghdad who were in its way. The human carnage

would be a public-relations nightmare, and I think it's safe to say such an outcome would be considerably below people's expectations.

So the best scenario to hope for is a quick collapse of all Iraqi resistance, certainly in not much more time than the 100 hours of Gulf War I. That would exceed expectations, allow the price of oil to come down right away, give the economy a real boost, and probably lead to a meaningful bear-market rally for most of the rest of the year. A longer or messier war means a smaller and shorter rally. Should Saddam or a militant Islamist group actually manage to launch a poisonous counterattack on our own soil, then no rally is likely at all, rather, we would see the bear return with a vengeance (*waayyy* below expectations!).

In the meantime, in my TIAA-CREF retirement

portfolio I remain in cash and guaranteed-yield and real-estate funds. The money continues to pile up each month, chug, chug, chug.... no need to take on any stock-market risk for awhile, I can afford to wait and see which way the (hopefully poison-free) wind blows.

Though he was but a flash in the pan in the mainstream media, I continue to follow the predictions of UCLA geophysics professor Didier Sornette. He revises his mathematical models every month or two, and they currently are "predicting" a stock-market rally beginning about now and extending to about the middle of the year and to about 1000 for the S&P 500 (and followed by a big plunge in 2004). I wonder if his number-crunching computers know something about the outcome of the Iraq war.... or at least *people's perceptions* of the war's outcome.... that I don't know?

PORTFOLIO REVIEW

Prices shown are as of February 25, 2003.

A. "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	15.02	901.20
50	Barrick Gold .11	{ABX/nyse}	14Nov96			1466.01	15.74	787.00
30	BP .30	[BP/nyse]	26Jan99			1292.50	39.60	1,188.00
250	Elan Corp. PLC ADR	[ELN/nyse]	1Aug02			585.00	3.58	895.00
100	iShares MSCI Japan Index Fund	[EWJ/ase]	28Jun01			1035.00	6.88	688.00
100	Nokia OYJ ADR .18	[NOK/nyse]	14Jun01			2233.00	13.28	1,328.00
40	Palm Inc.	[PALM/otc]	5Jun02			1097.00	13.08	523.20
45	PolyMedica Corp.	[PLMD/otc]	26Jun02			1070.35	29.49	1,327.05
444	Prudent Bear Fund (444.138sh)	[BEARX]	10Oct02			3500.00	7.60	3,375.45
100	Xerox Corp.	[XRX/nyse]	1Aug02			685.00	8.70	870.00
	CASH & money market					2304.80		2,304.80
	Totals					15,268.66		13,286.50

SUMMARY - "PIG":

Original cost: \$ 9,899.00
 Present value: \$13,286.50
 Increase: \$ 3,387.50 [+34.22%]

COMMENT on "PIG": There is no change from the prior issue.

B. 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	8Jan2001	TIAA Traditional	bond@58.62 [22.77%]
29Apr1992	MM @ 13.48	bond @ 31.19	8Jan2001	TIAA Traditional	eq-idx@75.79 [4.56%]
19Jun1992	bond @ 32.14	MM @ 13.55	1Feb2001	i-i bond@31.78	eq-idx@80.84 [26.76%]
29Jun1992	MM @ 13.57	stock @ 56.74	20Sep2001	bond@61.99	eq-idx@58.42 [2..44%]
24Jul1992	stock @ 56.76	MM @ 13.61	21Nov2001	i-i bond@33.80	eq-idx@67.52 [4.35%]
29Oct1992	MM @ 13.72	stock @ 58.61	11Dec2001	i-ibond@33.28	eq-idx@67.95 [6.19%]
23Dec1992	stock @ 61.48	MM @ 13.78	17Dec2001	i-i bond@33.13	RIEst@168.75 [9.94%]
16Jan1995	MM @ 14.83	equity-idx @ 26.44	17Dec2001	bond@61.54	RIEst@168.75 [9.26%]
20Jan1995	eq-idx @ 26.19	MM @ 14.84	31Dec2001	i-i bond@33.50	eq-idx@68.74 [8.21%]
30Oct1997	MM@ 17.24	bond@47.56 (27.17%)	25Mar2002	bond@62.43	TIAA Traditional [9.13%]
30Oct1997	MM@ 17.24	i-i bond@26.12 (27.17%)	26Mar2002	bond@62.63	eq-idx@68.76 [3.39%]
11Feb1998	bond@ 48.84	MM@17.52 (27.17%)	July-Aug2002	many whipsaw switches, not calculated yet	
11Feb1998	li-i bond@ 26.23	MM@17.52(27.17%)	Oct-Nov2002	switches between MM and i-i bond	
16Jun1998	MM@ 17.84	TIAA Traditional (45.87%)	2Dec2002	i-i bond@37.68	eq-idx@56.93 [13.22%]
23Sep1999	MM@18.99	I-I bond@27.56 (53.32%)	2Dec2002	i-i bond@37.68	mm@21.62 [13.22%]
17-18May2000	rate adjustment to 7.25% in SRA		31Jan2003	eq-idx@ 52.45	mm@21.66 [12.22%]
12-13Jul2000	rate adjustment to 7.5% in SRA				

Values, 24Feb2003: stock, 122.78; equity-index, 51.01; MM, 21.67; bond, 69.54; inflation-indexed bond, 40.31; real estate, 175.12; TIAA current yield in SRA, about 6.5% (new money at 4.75% through February 28, 2003). As of February 24, 2003, my retirement portfolios were invested: 52.09% in TIAA, 22.50% in TIAA Real Estate, and 25.41% in CREF money market.

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%

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 SELL signal of January 24.

NYSE TIMER'S TREND

Date	Value	Signal	Date	Value	Signal
Fri 1 Nov 02	8517.64	-	Wed 4 Dec 02	8737.85	+
Mon 4 Nov 02	8751.60	+	Thu 5 Dec 02	8623.28	+
Tue 5 Nov 02	8678.27	+	Fri 6 Dec 02	8645.77	+
Wed 6 Nov 02	8771.01	+	Mon 9 Dec 02	8473.41	-
Thu 7 Nov 02	8586.24	+	Tue 10 Dec 02	8574.26	+
Fri 8 Nov 02	8537.13	-	Wed 11 Dec 02	8589.14	+
Mon 11 Nov 02	8359.95	-	Thu 12 Dec 02	8538.40	+
Tue 12 Nov 02	8386.00	-	Fri 13 Dec 02	8433.71	+
Wed 13 Nov 02	8398.49	-	Mon 16 Dec 02	8627.40	+
Thu 14 Nov 02	8542.13	-	Tue 17 Dec 02	8535.39	+
Fri 15 Nov 02	8579.09	-	Wed 18 Dec 02	8447.35	-
Mon 18 Nov 02	8486.57	-	Thu 19 Dec 02	8364.80	-
Tue 19 Nov 02	8474.78	-	Fri 20 Dec 02	8511.32	-
Wed 20 Nov 02	8623.01	+	Mon 23 Dec 02	8493.29	-
Thu 21 Nov 02	8845.15	+	Tue 24 Dec 02	8448.11	-
Fri 22 Nov 02	8804.84	+	Tue 26 Dec 02	8432.61	+
Mon 25 Nov 02	8849.40	+	Fri 27 Dec 02	8303.78	+
Tue 26 Nov 02	8676.42	+	Fri 30 Dec 02	8332.85	+
Wed 27 Nov 02	8931.68	+	Mon 31 Dec 02	8341.63	+
Thu 29 Nov 02	8896.09	+	Tue 2 Jan 03	8607.52	+
Fri 29 Nov 02	8862.57	+	Fri 3 Jan 03	8601.69	+
Mon 2 Dec 02	8742.93	+	Mon 6 Jan 03	8773.57	+

Tue 7 Jan 03	.	#	8740.59	.	+	*	Fri 31 Jan 03	.	I	#	8053.81	.	-	*
Wed 8 Jan 03	.	#	8595.31	.	+	*	Mon 3 Feb 03	.	I	#	8109.82	.	+	*
Thu 9 Jan 03	.	.	8776.18	.	+	*	Tue 4 Feb 03	#	I	.	8013.29	.	-	*
Fri 10 Jan 03	.	#	8784.89	.	+	*	Wed 5 Feb 03	#	I	.	7985.18	.	-	*
Mon 13 Jan 03	.	.	8785.98	.	+	*	Thu 6 Feb 03	.	I	.	7929.30	.	-	*
Tue 14 Jan 03	.	#	8842.62	.	+	*	Fri 7 Feb 03	#	I	.	7864.23	.	-	*
Wed 15 Jan 03	.	#	8723.18	.	+	*	Mon 10 Feb 03	#	I	.	7920.11	.	-	*
Thu 16 Jan 03	.	#	8697.87	.	+	*	Tue 11 Feb 03	#	I	.	7843.11	.	-	*
Fri 17 Jan 03	.	#	8586.74	.	+	*	Wed 12 Feb 03	#	I	.	7758.17	.	-	*
Tue 21 Jan 03	.	#I	8442.90	.	+	*	Thu 13 Feb 03	#	I	.	7749.87	.	-	*
Wed 22 Jan 03	.	#I	8318.73	.	+	*	Fri 14 Feb 03	.	&	.	7908.80	.	-	*
Thu 23 Jan 03	.	I	8369.47	.	+	*	Tue 18 Feb 03	.	I	#	8041.15	.	-	*
Fri 24 Jan 03	#	I	8131.01	.	-	*	Wed 19 Feb 03	#	I	.	8000.60	.	-	*
Mon 27 Jan 03	#	I	7989.56	.	-	*	Thu 20 Feb 03	#	I	.	7914.96	.	-	*
Tue 28 Jan 03	.	I#	8088.84	.	-	*	Fri 21 Feb 03	.	I	#	8018.11	.	-	*
Wed 29 Jan 03	.	&	8110.71	.	-	*	Mon 24 Feb 03	#	I	.	7858.24	.	-	*
Thu 30 Jan 03	#	I	7945.13	.	-	*	Tue 25 Feb 03	.	#I	.	7909.50	.	-	*

Comment on NASDAQ "Timer's Trend": We're currently on a SELL signal given January 17.

NASDAQ TIMER'S TREND

Fri 1 Nov 02	.	#	1360.70	.	+	*	Tue 31 Dec 02	.	&	.	1335.51	.	-	*
Mon 4 Nov 02	.	#	1396.54	.	+	*	Thu 2 Jan 03	.	I	#	1384.85	.	+	*
Tue 5 Nov 02	.	#	1401.17	.	+	*	Fri 3 Jan 03	.	I	#	1387.08	.	+	*
Wed 6 Nov 02	.	#	1418.99	.	+	*	Mon 6 Jan 03	.	I	#	1421.32	.	+	*
Thu 7 Nov 02	.	#	1417.71	.	+	*	Tue 7 Jan 03	.	#	#	1431.57	.	+	*
Fri 8 Nov 02	.	#	1359.28	.	+	*	Wed 8 Jan 03	#	I	.	1401.07	.	+	*
Mon 11 Nov 02	#	I	1319.18	.	-	*	Thu 9 Jan 03	.	#	#	1438.46	.	+	*
Tue 12 Nov 02	.	#	1349.56	.	-	*	Fri 10 Jan 03	.	#	#	1447.72	.	+	*
Wed 13 Nov 02	.	#	1361.34	.	-	*	Mon 13 Jan 03	.	#	#	1446.04	.	+	*
Thu 14 Nov 02	.	#	1411.52	.	+	*	Tue 14 Jan 03	.	#	#	1460.99	.	+	*
Fri 15 Nov 02	.	#	1411.14	.	+	*	Wed 15 Jan 03	.	#	.	1438.80	.	+	*
Mon 18 Nov 02	.	#	1393.69	.	+	*	Thu 16 Jan 03	.	#	.	1423.75	.	+	*
Tue 19 Nov 02	.	#	1374.51	.	+	*	Fri 17 Jan 03	.	#	.	1376.19	.	+	*
Wed 20 Nov 02	.	#	1419.35	.	+	*	Tue 21 Jan 03	.	#I	.	1364.25	.	+	*
Thu 21 Nov 02	.	#	1467.65	.	+	*	Wed 22 Jan 03	.	&	.	1359.48	.	+	*
Fri 22 Nov 02	.	#	1468.74	.	+	*	Thu 23 Jan 03	.	#I	#	1388.27	.	+	*
Mon 25 Nov 02	.	#	1481.90	.	+	*	Fri 24 Jan 03	#	I	.	1342.14	.	-	*
Tue 26 Nov 02	.	#	1444.43	.	+	*	Mon 27 Jan 03	#	I	.	1325.27	.	-	*
Wed 27 Nov 02	.	#	1487.94	.	+	*	Tue 28 Jan 03	#	I	.	1342.18	.	-	*
Fri 29 Nov 02	.	#	1478.78	.	+	*	Wed 29 Jan 03	.	I#	.	1358.06	.	-	*
Mon 2 Dec 02	.	#	1484.78	.	+	*	Thu 30 Jan 03	#	I	.	1322.35	.	-	*
Tue 3 Dec 02	.	#	1448.96	.	+	*	Fri 31 Jan 03	#	I	.	1320.91	.	-	*
Wed 4 Dec 02	.	#	1410.75	.	+	*	Mon 3 Feb 03	.	&	.	1323.79	.	-	*
Fri 6 Dec 02	.	#	1422.44	.	+	*	Tue 4 Feb 03	#	I	.	1306.15	.	-	*
Mon 9 Dec 02	#	I	1367.14	.	+	*	Wed 5 Feb 03	#	I	.	1301.50	.	-	*
Tue 10 Dec 02	#	I	1390.76	.	+	*	Thu 6 Feb 03	#	I	.	1301.73	.	-	*
Wed 11 Dec 02	.	#	1396.59	.	+	*	Fri 7 Feb 03	#	I	.	1282.47	.	-	*
Thu 12 Dec 02	.	#	1399.55	.	+	*	Mon 10 Feb 03	.	&	.	1296.68	.	-	*
Fri 13 Dec 02	#	I	1362.42	.	-	*	Tue 11 Feb 03	#	I	.	1295.46	.	-	*
Mon 16 Dec 02	#	I	1400.33	.	+	*	Wed 12 Feb 03	#	I	.	1278.97	.	-	*
Tue 17 Dec 02	.	#	1392.05	.	+	*	Thu 13 Feb 03	#	I	.	1277.44	.	-	*
Wed 18 Dec 02	#	I	1392.05	.	+	*	Fri 14 Feb 03	#	I	.	1310.11	.	-	*
Thu 19 Dec 02	#	I	1361.51	.	-	*	Tue 18 Feb 03	.	I	#	1346.54	.	-	*
Fri 20 Dec 02	#	I	1354.10	.	-	*	Wed 19 Feb 03	#	I	.	1334.32	.	-	*
Mon 23 Dec 02	.	I	1363.05	.	-	*	Thu 20 Feb 03	.	#I	.	1331.23	.	-	*
Tue 24 Dec 02	.	I	1372.47	.	-	*	Fri 21 Feb 03	.	I	.	1349.02	.	+	*
Wed 26 Dec 02	.	#I	1367.89	.	+	*	Mon 24 Feb 03	#	I	.	1322.38	.	-	*
Thu 27 Dec 02	#	I	1348.31	.	+	*	Tue 25 Feb 03	.	&	.	1328.98	.	-	*
Mon 30 Dec 02	#	I	1339.54	.	-	*								

"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 March.