Vol. XIX, #4 November 30, 2004

IF IT AIN'T BROKE, DON'T FIX IT

The diatribe which follows was triggered by an experience my wife and I had with a local chain drugstore. There is one drug I take which is not covered by our HMO, and the price (for reasons known only to the manufacturer) frequently varies from month to month, rather than being "fixed" and therefore rememberable. The other day I called in a refill and went to purchase it, along with a few other items my wife wanted.

When I got home and she took the slip to enter the amount in the checkbook, she said, You paid too much. It should have cost about $2 less.

So I called the pharmacy to double-check. Yes, the price I paid was correct with the AAA (American Automobile Association member) discount.. No, I said, we had asked you to cancel the AAA discount. How much is the drug without the AAA so-called "discount"? The answer he gave was, indeed, about $2 cheaper.

More than a year ago my wife had agreed that the AAA discount should be applied to any non-HMO drugs we bought there when a pharmacy tech suggested it to her, telling her it would save us about 10% on our (non-HMO) drug purchases. Then, a few months ago, a sharp young tech noticed that this drug was actually cheaper without the "discount". So my wife said, OK, get rid of AAA.

Then I went in to pick up one of her generic prescription drugs, expecting to pay $5. (Drugs in an HMO plan are typically priced at $5, $15 or $35 depending on the class of drug.) It was rung up at $8 and change. That doesn't seem right, I said, it's a generic and should have been $5.

You have the AAA discount, right? she said. No, no, no, I said, get rid of the AAA discount. This is covered by the HMO. It should be only $5. So the cashier then found the HMO's coverage in our account and the drug was, indeed, only $5.

So to again have this AAA "discount" pop up and give trouble with my most recent drug purchase was indeed irritating. I said to the pharmacist while I still had him on the phone, Get rid of that AAA "discount" for once and for all time. It's caused nothing but trouble. I can't delete it, he said, I can only "deactivate" it.

It won't ever automatically be "reactivated", will it? I asked. No, he promised.

We'll see.

A cynic would say that this is a prime example of the drugstore chain gaming the system to charge the higher price. I would say, it's an excellent way to drive away patrons for good, and it's more likely the result of bad computer programming.

I am often dismayed by the extent to which people

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have surrendered their autonomy and critical-thinking skills to the computer. If the computer gives an answer, it must be right - the computer is never wrong. And if the computer is wrong, well, too bad, we (the employees) can't do anything about it.

Three years ago, when I was shopping at a discount warehouse-type bookstore in Orlando, I espied a "MacOS 7 Secrets" book for $10.50. Now, MacOS 7 is obsolete, roughly the equivalent of Windows 3.1 for those of you still stuck with having to use PCs, and nobody was ever going to pay $10.50 for this book. (Computer books go out-of-date very quickly.) But I still occasionally use, and like, MacOS 7, and I would certainly be willing to pay a buck or two for the book.

So I located a manager-type and told him, Nobody is ever going to pay $10.50 for this book, because OS 7 became obsolete six years ago. But I'll give you $2 for it.

I can't do that, he said. We can only sell books for the prices in the computer, and the prices are set by headquarters.

Too bad, I said, you just lost a sale. Maybe you should tell your management it should be more flexible in allowing its individual stores to set their own prices. And I left, irritated enough not to want to hang around looking for other books. The book itself probably wound up in a crusher somewhere after languishing in the case as a dust-collector for many months.

By far my most irritating recent experience with incompetent computer programming (and perhaps of most interest to readers of **The Contrarian's View**, since it affects my retirement portfolio) was with TIAA-CREF's revamped website.

Frankly, I liked the old website just fine. TIAA-CREF's excellent web presence and ease of use was one of the main reasons I stayed with TIAA-CREF when I retired (more accurately, went part-time for a final six months) instead of moving to another low-cost provider such as Vanguard or Fidelity.

I had no clue that TIAA-CREF was redoing its website; it just popped up one day in August. Imagine my surprise to find that all three of my accounts (RA, SRA and Roth) had been spit into two pieces.... with no clue as to the total dollars in each account. And the old summary info, showing the dollars, units and unit price for each fund in each account, had disappeared. The new format was, as far as I was concerned, unusable.

I was apoplectic. Rather than try to remember just what I had said to these morons, I rummaged through my old e-mails and found exactly what I had e-mailed them, which was:

New account summary page is hideous. My RA and SRA are split in two, which reflects some sort of contract change you made with Assumption College several years ago. But I really don't need to see this dirty linen in your database. What's really inexplicable is that my Roth IRA is also split into two pieces, and this had nothing to do with the College, it's my contract with you, and I opened only one Roth IRA.

My last contribution I made to the Roth is also shown with the wrong amount (and is shown twice). And since I am now retired and taking systematic withdrawals, do I have to keep seeing the last contributions I made for the rest of my life?

Whoever designed this customer-unfriendly stuff should be made to clean it up, then fired.

Obviously mine was not the only complaint they received as, a few days later, a message appeared on the website saying they were working on improvements in response to feedback. Since then a few things have been improved, but my RA and SRA are still shown split in two.

As I said, if it ain't broke....

TSA - BULLIES AT THE AIRPORT

From Ron Paul (R-TX): "If you traveled by air last week for the Thanksgiving holiday, you undoubtedly witnessed Transportation Security Administration agents conducting aggressive searches of some passengers. A new TSA policy begun in September calls for invasive and humiliating searches of random passengers; in some instances crude pat-downs have taken place in full public view. Some female travelers quite understandably have burst into tears upon being groped, and one can only imagine the lawsuits if TSA were a private company. But TSA is not private, TSA is a federal agency-- and therefore totally unaccountable to the American people.

"TSA was created in the wake of the September 11, 2001 terrorist attacks. Although the National Guard, DOD, FBI, CIA, NSA, and FAA utterly failed to protect American citizens on that tragic day, federal legislators immediately proposed creating yet another government agency. But the commercial flying community did not want airport security federalized, and my office was inundated with messages from airline pilots opposing the creation of TSA. One pilot stated, 'I don't want the same people who bring me the IRS and ATF to be in charge of airport security.' But Congress didn't listen to the men and women who spend their working lives flying, so it created another agency that costs billions of dollars, employs thousands of unionized federal workers, and produces poor results.

"Problems within TSA are legion. In the rush to hire a new workforce, 28,000 screeners were put to work without background checks. Some of them were convicted felons. Many were very young, uneducated, with little job experience. At Kennedy and LaGuardia airports in New York, police arrested dozens of TSA employees who were simply stealing valuables from the luggage they were assigned to inspect. Of course TSA has banned locks on checked luggage, leaving passengers with checked bags totally at the mercy of screeners working behind closed doors. None of this is surprising for a government agency of any size, but we must understand the reality of TSA: its employees have no special training, wisdom, intelligence, or experience whatsoever that qualifies them to have any authority over you. They certainly have no better idea than you do how to prevent terrorism. TSA is about new bureaucratic turf and lucrative union makework, not terrorism.

"TSA has created an atmosphere of fear and meek subservience in our airports that smacks of Soviet bureaucratic bullying. TSA policies are subject to change at any moment, they differ from airport to airport, and they need not be in writing. One former member of Congress demanded to see the written regulation authorizing a search of her person. TSA flatly told her, 'We don't have to show it to anyone'. Think you have a right to know the laws and regulations you are expected to obey? Too bad. Get in line and stay quiet, or we'll make life very hard for you. This is the attitude of TSA personnel.

"Passengers, of course, have caught on quickly. They have learned to stay quiet and not ask any questions, no matter how ludicrous or undignified the command. It's bad enough to see ordinary Americans bossed around in their stocking feet by newly-minted TSA agents, but it's downright disgraceful to see older Americans and children treated so imperiously. But any objection, however rational and reasonable, risks immediate scrutiny. At best, complainers will be taken aside and might miss their flight. If they don't submit quickly and attempt to assert any rights, they will end up detained, put on a TSA list that guarantees them hostile treatment at every airport, and possibly arrested or fined for their 'attitude'.

"Airlines should be using every last ounce of their lobbying and public relations power to stop TSA from harassing, delaying, humiliating, and otherwise mistreating their paying passengers. They should be protecting their employees, passengers, and aircraft using private security and guns in the cockpit. After all, who has more incentive to create safe skies than the airlines themselves? Many security-intensive industries, including nuclear power plants, oil refineries, and armored money transports, employ private security forces with excellent results. Yet the airlines prefer to relinquish all responsibility for security to the government, so they cannot be held accountable if another disaster occurs. But airlines are finding out the hard way that millions of Americans simply won't put up with TSA's abuse. Wealthy Americans are using private planes via increasingly popular fractional ownership plans, while ordinary Americans are choosing to drive to their destinations and vacation closer to home. Even business travelers are finding ways to consolidate trips and teleconference. Who can blame anyone for avoiding airports altogether?

"While millions of Americans undoubtedly welcome any TSA indignity under the guise of 'preventing terrorism', millions more are not willing to give blind obedience to arbitrary authority. TSA creates only a false sense of security, at great cost not only financially but also in terms of our dignity. How we as Americans react to authoritarian agencies like TSA is an indicator of how much we still value freedom over our persons and effects."

Nick's comment: My wife and I seldom fly.... only when absolutely necessary (family deaths, life-cycle event on the West Coast, etc.). I am especially averse to flying after a terrorist missile took out TWA Flight 800 and the government lied about the cause of the explosion, and neither one of us has flown since 9/11. But people who used to enjoy flying and now find it a nightmare because the government has made departures so unpleasant have my sympathy. Federalization of airport screeners may have been necessary to prevent another terrorist hijacking, but a police or quasi-police presence anywhere, whether on the roads or in the airports, is not designed to make your traveling experience more pleasant. Safer, maybe, but not pleasant.

There is a fringe benefit of all this airport hassle, however, for those of us who live in Worcester, the financial backwater of America. Worcester Regional Airport was an early casualty of 9/11. The airport, recently rebuilt with millions of taxpayer dollars, was just getting by before 9/11 (but with possibilities of improvement). Soon after 9/11, with air traffic declining sharply, the last major airline pulled out, leaving the place quiet (jumbo-jet-free, anyway).... as it remains today.

We live not too far from the airport and we seldom hear air traffic, especially jet-aircraft traffic. In how many cities can you live near a large airport yet have the peace and quiet of a suburb 20 miles removed? Of course, I realize that our peace and quiet comes at a substantial expense of taxpayers' dollars and at considerable inconvenience to the traveling public and pain to the economy, but I'm enjoying it nevertheless, while it lasts. Towering over every silver lining is a cloud, or something like that.

QUOTES FOR THE MONTH

The market has already completed a countertrend rally, and the psychology of investors, advisers and economists is dangerously optimistic. The market is probably doing something more akin to what happened in 1835-1842 or 1929-1932 [versus the 1970s]. *According to my analysis, the bear market has already resumed, so the crash potential is significant. - Bob Prechter*

Over the next couple weeks, I'm sure that the bulls will attempt to rally the market whenever they can. They may be able to party a bit longer, but big trouble seems so close, you can almost taste it. Once we get past the election and its attendant noise, attention will be turned to the fourth quarter and, more importantly, 2005. By my reckoning, the next 18 months look to be one of the most dangerous periods for financial markets in the last 50 years. The destruction of capital measured in the trillions lies ahead in the not-too-distant future. - Bill Fleckenstein

NDX/Dow was essentially trendless from the beginning of this year until early September, which explains why it was so difficult to get a handle on the market's intermediate-term trend during the first 8 months of the year.... However, over the past two months the NDX/Dow ratio has provided a clear signal and the signal is bullish. This wasn't, by the way, the only signal that a bullish trend was developing; it was just the most important one as far as we were concerned.... Specifically, while the market appears to be headed higher into January of 2005 we suspect that the January high could turn out to be the high for the year because the monetary and fiscal backdrops during 2005-2006 are likely to be far less friendly than they have been over the past two years. - Steve Saville

Although some observers believe a declining dollar is good for the U.S. economy, we disagree. If currency devaluation were that beneficial Argentina would be a major economic power. At the same time the market is back on one of its speculative binges. Internet stocks are once again in vogue and the leading Nasdaq stocks are selling at huge P/E ratios. We are seeing late 1990s types of craziness in stocks such as Google, Taser, TravelZoo, Research in Motion and scores of others. We now even have the big conceptual merger between Sears and K-Mart, bringing back memories of the Time Warner-AOL deal near the 2000 market peak. Won't *they ever learn? There are those who say forget value and forget history since the speculators are in charge and they will rule the market. Let's remember, however, that even at current levels the S&P 500 is down a substantial 24 percent and Nasdaq off a whopping 59 percent from early 2000. While this rally has some momentum and could last a few more weeks, we believe that we are in a secular bear market that will end far below recent levels.* - Charlie Minter

Our summary advice on an absolute basis is much more painful to deliver though shorter: PANIC. Now is the time to lower risk and survive to fight another day with your assets as intact as you can manage. - Jeremy Grantham

Mankind hasn't changed much in thousands of years of recorded history. From events recorded in the bible and hieroglyphics on the walls of the pyramids to the writings of the ancients, human drive, ambition, emotion, fear, greed, evil, avarice, and benevolence are evident for all to see.... As the chart of the markets over the last 100 years illustrates, bull markets are constantly trading places. They rotate over time from intangible assets (paper) to tangible assets (things). Behind these alternating bull markets has been the inflationary policy of central banks. Periods of loose money and credit give birth to paper asset booms during their initial stages only to be followed by their inflationary consequences when money rotates out of paper and into things to protect purchasing power. It should be clear to investors at this point that what worked during one twenty-year period did not work in the next twenty-year cycle. - Jim Puplava

Stephen Roach, the chief economist at investment banking giant Morgan Stanley, has a public reputation for being bearish. But you should hear what he is saying in private..... America has no better than a 10 percent chance of avoiding economic "armageddon." - Brett Arends

If you hear a nasty rattling under your hood but your car makes it home alright today, tomorrow and two days from now, does that mean the car's running fine and will continue to do indefinitely? Probably not. Our economic engine continues to rattle under the hood, but with every passing quarter that nothing especially dreadful occurs, we grow immune to the rattling. - Mark Rostenko

The economy will vacillate between periods of deflation and inflation, with each recession bringing forth a temporary reprieve from what will be an inexorable rise in the general rate of inflation. Eventually wars, deficit spending, a rising mountain of debt, and peak oil will lead towards hyperinflation in the United States. - Jim Puplava

The Fed is passionately dedicated to inflation, just as it has been for 71 years, and it will stay that way. But it has no ammunition left. It can't reduce the bank reserve requirements any further because they are already effectively at zero. It can't lower interest rates meaningfully anymore because they are already at bottom. It can't go on a wild printing spree because that would kill the government bond market.... Can the Fed stop deflation? The answer is no, it can't. Neither could the Bank of Japan.... Housing is peaking in a bubble, just as the Nasdaq did in 2000. The decline in property prices could be slow or fast, but it will be relentless. Stocks and property are both vulnerable to a 90% decline. - Bob Prechter

There is no doubt that many senior citizens feel a wave of "financial terrorism" has purposefully been launched against them by their government and the financial sector. They feel their pockets are being picked, each and every day.... Many senior citizens deferred consumption during their working years to save hard cash to generate income for their retirement. They thought that approach was good for them and for their nation, never believing their planning should consider interest rates of 1-2% or less and a devaluing currency.... Several years ago a senior's $100,000 savings invested in a 7% 2-year certificate of deposit produced $7,000 in interest income, which was then equivalent to 7,900 Euros. Today he's lucky if he realizes $2,000 (2%) on that certificate of deposit, which is equivalent to about 1,500 Euros. This represents a 71% ($5,000) cut in dollar income, and an 81% (6,400 Euro) drop in Euro-equivalent income. Additionally, the *principal value of that original $100,000, which used to be worth 110,000 Euros, is now worth just 76,000 Euros - - a 34,000 Euro ($43,000) loss in international buying power via exchange rate loss. I think everyone will agree these are huge loses - - humongous losses.* - Michael Hodges

The U.S. current account deficit has risen to more than 5 percent of GDP. Because the deficit is essentially the change in net claims against U.S. residents, the U.S. net international investment position excluding valuation adjustments must also be declining in dollar terms at an annual pace equivalent to roughly 5 percent of U.S. GDP.... A continued financing even of today's current account deficits as a percentage of GDP doubtless will, at some future point, increase shares of dollar claims in investor portfolios to levels that imply an unacceptable amount of concentration risk. This situation suggests that international investors will eventually adjust their accumulation of dollar assets or, alternatively, seek higher dollar returns to offset concentration risk, elevating the cost of financing of the U.S. current account deficit and rendering it increasingly less tenable. - Alan Greenspan

In past cycles, the usual vigorous traction used to come mainly from pent-up demand that, due to prior monetary tightness, had accumulated during the recession mainly in residential building, consumer durables and business investment in equipment. Key to the present subpar recovery has been the exact opposite - heavy consumer borrowing from the future. During the three years 2000-03, disposable incomes of private households grew, in current dollars, a cumulative $965.9 billion. They increased their spending by $1,023.7 billion and their debts by a stunning $2,726.9 billion. In this regard, the monetary and fiscal stimuli appear to have worked so far. But the problem is that a growing part of domestic spending exits to foreign producers, fueling the U.S. trade deficit, instead of U.S. domestic production. - Kurt Richebacher

I've often been asked how long I thought Japan and China would continue to support the dollar. Well, it seems that we now know the answer: Until March 2005. With Japanese support for the dollar waning, it won't be long before China lets the renminbi float and other South East Asian countries start concerning themselves with issues other than competitive devaluations against the dollar. - Paul van Eeden

The likelihood that China can let the superheated air out of her soaring economic balloon without a crash-landing is very low.... A recession in China would wreak havoc on the rest of Asia, even Japan, which is just emerging from over a decade of deflationary depression and remains dependent on exports for growth.... Japan is increasingly dependent on capital spending in China, and her exports to China accounted for 79% of Japanese export growth last year.... So, if the Chinese economic balloon makes the hard landing I expect, Japan's may fall back to earth without even having gained much altitude. And if the United States, China and Japan have weak economies, so does the rest of the world. - Gary Shilling

For every dollar we spend on imports, that buck comes straight back to us (for now) in the form of a Treasury buy ticket. So the more we spend on imports in the short run, the more we save. Sounds like my wife at a sale, but it makes sense as long as foreign creditors buy longer dated Treasuries. Purchases of intermediate and long maturity Treasuries reflect a confidence in the fiscal/monetary stability of the U.S. economy. When that confidence disappears, foreign purchases take the form of overnight deposits as the buck is tossed from one holder to another like a hot potato. That's when the dollar tanks, the balance of payments deficit eases back towards 2 or 3% and perversely, intermediate and long-term interest rates are more susceptible to going up. To sum up this catch-22, a deteriorating balance of payments deficit may actually have a positive effect leading to lower interest rates until a large creditor turns tail. - Bill Gross

If printing money were the way to prevent recessions, the world would have had uninterrupted growth since the beginning of time, during which all governments throughout history [would] *have eventually inflated away their currencies into confetti.* - Lance J. Lewis

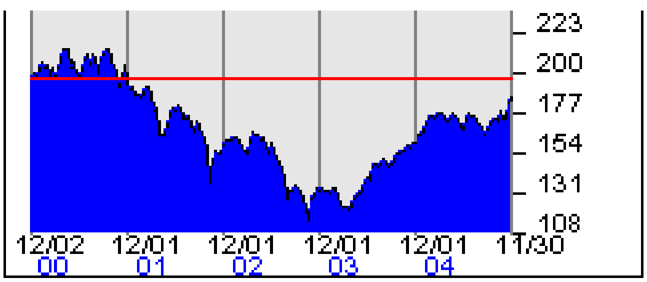
Subprime mortgage originations have grown from something less that $150 billion in 2000 to more than

$250 billion last year. This year, subprime lenders forked over $157 billion in the second quarter alone. That's double last year's amount according to the National Mortgage News. And get this- in the first half of 2004, subprime accounted for 19%.... of mortgage loans, up from last year's 9.9% tally. - Rob Peebles

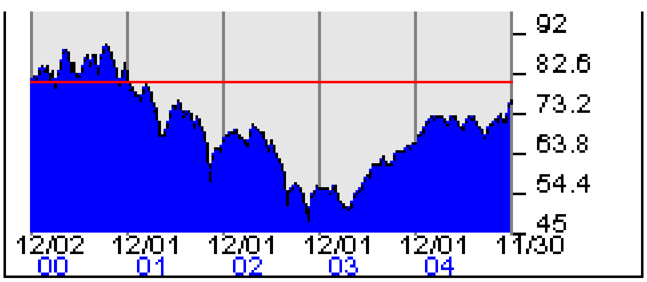
Social Security must be reformed. Now. Let's be realistic. If we do have a serious recession, it is quite possible we will see a Democrat in the White House in 2008. That means 2012 at the earliest for any real reform, and it will cost hundreds of billions (if not a few trillion) more. This is one we must do for the kids. - John Mauldin

STOCK MARKET OUTLOOK

Almost breaking even! That's how the buy-and-hold-forever crowd is doing in stocks after five years (which takes us back to near the peak of the 1990s stock bubble,when money was gushing, gushing into stocks). Of course, this assumes that the buy-and-hold-forever crowd was buying a diversified portfolio, not just Internet garbage at its peak. The envelope, please:



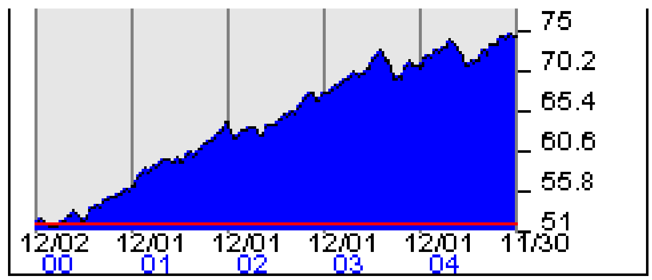
CREF Stock, 5 years ending 30Nov2004



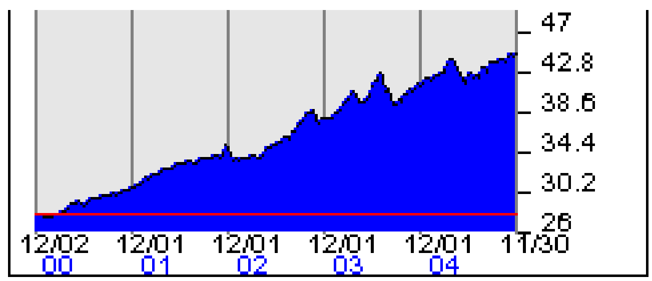
CREF Equity-index, 5 years ending 30Nov2004

Where the bull markets have really been for the past 5 years:

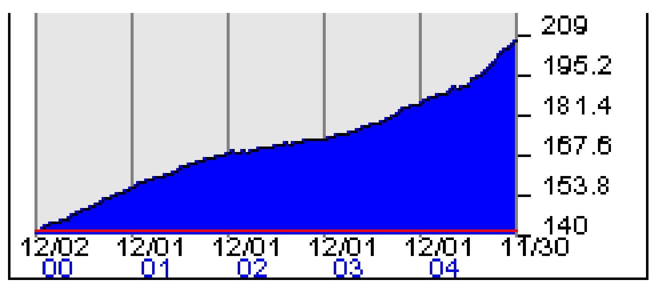
(next column, please)



CREF Bond, 5 years ending 30Nov2004



CREF I-I Bond, 5 years ending 30Nov2004



TIAA Real Estate, 5 years ending 30Nov2004

This is the time of the year for the so-called "Santa Claus effect", where the market has historically risen between Thanksgiving and mid-January. Taking the last few years, and the trend so far this year, into consideration it appears to me that this historical tradition has become so well-known (and popular) that it no longer works, at least in the usual way. What seems to be happening is that the rise has become split in two, with the first part arriving mostly during November (as has already happened this year) and a tag-on tail-end rally in the first half of January. The month of December ends up being flat or slightly negative. And that is what I expect to happen this year (and early next), too.

Whether the 2005 top will occur in January or as late as April, I can't tell yet, but it will be a major top similar to March 2000. The timing depends a great deal on the real-estate bubble (now leaking air), just how soon and how quickly it deflates. When people start shedding equity in their homes and become upside-down, the scramble for cash will be on and the equity markets will suffer worldwide.

Shorter-term, the plunging dollar is overdue for a bounce and when it comes this will give us another upward jump in bond prices.

PORTFOLIO REVIEW

Prices shown are as of November 30, 2004.

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

Shrs	Description		Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
50	Barrick Gold	..22	{ABX/nyse}	14Nov96			1466.01	24.59	1,229.50
30	BP	1.70	[BP/nyse]	26Jan99			1292.50	61.35	1,840.50
200	GTC Biotherapeutics		[GTCB/otc]	7May04			408.55	1.53	306.00
100	Nokia OYJ ADR	..30	[NOK/nyse]	14Jun01			2233.00	16.17	1,617.00
468	Prudent Bear Fund (468.025sh)		[BEARX]	10Oct02			3500.00	5.48	2,564.78
292.0	Prudent Global Income (292.002sh)		[PSAFX]	17Apr03			3200.00	13.16	3,842.75
	CASH & money market						5983.47		5,983.47
	Totals						18,083.53		17,383.99

SUMMARY - "PIG":

Original cost: $10,224.00
Present value: $17,383.99
Increase: $ 7,159.99 [+70.03%]

COMMENT on "PIG": There is no change from the last issue. (The PIGs have not met for quite awhile.)

TIAA/CREF 403(b) retirement plan; I switch between indexed stock/bond/money funds:
(No transactions since June 30, 2004 are shown due to my semi-retired status.)

Date	Sold	Bought
31Jan2003	eq-idx@ 52.45	mm@21.66 [12.22%]
17Apr2003	mm@21.69	i-ibond@39.52 [21.72%]
17Apr2003	mm@21.69	stock@130.72 [3.54%]
28-30Apr2003	0.0889% "profit-skim"	stock to mm@21.70
1May2003	0.2184% "profit-skim"	i-ibond to mm@21.70
2May2003	0.0714% "profit-skim"	stock to mm@21.70
5May2003	0.2167% "profit-skim"	i-ibond to mm@21.70
6May2003	0.2127% "profit-skim"	i-ibond to mm@21.70
7May2003	0.4225% "profit-skim"	bond to mm@21.70
8May2003	-0.4757% "profit-skim"	stk&bd to mm@21.70

Date	Sold	Bought
27-30Jun2003	0.0155% "profit-skim"	i-ibond to mm@21.73
8-10Jul2003	0.0523% "profit-skim"	i-ibond to mm@21.73
25-26Aug2003	0.0109% "profit-skim"	i-ibond to mm@21.75
15-26Sep2003	0.0636% "profit-skim"	i-ibond to mm@21.76
2-20Oct2003	-0.0160% "profit-skim"	i-ibond to mm@21.77
6-13Nov2003	0.0553% "profit-skim"	i-ibond to mm@21.78
3-4Dec2003	0.0141% "profit-skim"	i-ibond to mm@21.79
9-10Dec2003	0.0179% "profit-skim"	i-ibond to mm@21.79
11-24Dec2003	0.0529% "profit-skim"	growth to mm@21.80
5-7Apr2004	-0.0282 "profit-skim"	growth to mm@21.84

15-16Apr2004 -0.0133 “profit-skim” growth to mm@21.84 30Apr2004 re@190.59 mm@21.85 [42.34%]

Values, 30Nov2004: stock, 187.70; equity-index, 76.69; MM, 21.99; bond, 74.00; inflation-indexed bond, 44.43; real estate, 207.72; TIAA current yield in SRA, about 5.2%.

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 2005)
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 August 16, 2004.

NYSE TIMER'S TREND

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Mon  2 Aug 04        .  | #.       |10179.16  |+.                *
Tue  3 Aug 04        .  #  .       |10120.24  |+.              *
Wed  4 Aug 04        . #|  .       |10126.51  |+.              *
Thu  5 Aug 04    #   .  I  .       | 9963.03  |-.          *
Fri  6 Aug 04    #   .  I  .       | 9815.33  | .-    *
Mon  9 Aug 04       #.  I  .      {| 9814.66  | . -   *
Tue 10 Aug 04        .  | #.      }| 9944.67  | . -       *
Wed 11 Aug 04       #.  I  .       | 9938.32  | . -       *
Thu 12 Aug 04    #   .  I  .      {| 9814.59  | . -   *
Fri 13 Aug 04        #  I  .      ]| 9825.35  | . -    *
Mon 16 Aug 04        .  |  #      }| 9954.55  | -         *
Tue 17 Aug 04        .  |  #       | 9972.83  | -          *
Wed 18 Aug 04        .  |  .   #   |10083.15  + .             *
Thu 19 Aug 04        .  |  #       |10040.82  | +            *
Fri 20 Aug 04        .  |  .   #   |10110.14  | . +            *
Mon 23 Aug 04        .  | #.       |10073.05  | . +           *
Tue 24 Aug 04        .  |  #       |10098.63  | . +           *
Wed 25 Aug 04        .  |  .  #    |10181.74  | . +              *
Thu 26 Aug 04        .  |  .#      |10173.41  | . +              *
Fri 27 Aug 04        .  |  . #     |10195.01  | . +              *
Mon 30 Aug 04        .  #  .       |10122.52  | .+             *
Tue 31 Aug 04        .  |  . #     |10173.92  | . +              *
Wed  1 Sep 04        .  |  .  #    |10168.46  | . +             *
Thu  2 Sep 04        .  |  .     # |10290.28  | . +                 *
Fri  3 Sep 04        .  |  #       |10260.20  | . +                *
Tue  7 Sep 04        .  |  .   #   |10342.79  | .  +                 *
Wed  8 Sep 04        .  |  #       |10313.36  | .  +                 *
Thu  9 Sep 04        .  |  .  #    |10289.10  | .  +                *
Fri 10 Sep 04        .  |  .  #    |10313.07  | .  +                 *
Mon 13 Sep 04        .  |  .  #    |10314.76  | .  +                 *
Tue 14 Sep 04        .  |  .#      |10318.16  | .  +                 *
Wed 15 Sep 04        .  |# .       |10231.36  | . +               *
Thu 16 Sep 04        .  |  .  #    |10244.49  | . +                *
Fri 17 Sep 04        .  |  . #     |10284.46  | . +                 *
Mon 20 Sep 04        .  |  #       |10204.89  | .+               *
Tue 21 Sep 04        .  |  .   #   |10244.93  | . +                *
Wed 22 Sep 04        .  #  .       |10109.18  | . +            *
Thu 23 Sep 04        .  |# .       |10038.90  | .+           *
Fri 24 Sep 04        .  |  .#      |10047.24  | .+           *
Mon 27 Sep 04        . #|  .       | 9988.54  | +          *
Tue 28 Sep 04        .  |  . #     |10077.40  |+.             *
Wed 29 Sep 04        .  |  .#      |10136.24  | +              *
Thu 30 Sep 04        .  |  . #     |10080.27  | .+            *
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Fri  1 Oct 04        .  |  .    #  |10192.65  | . +              *
Mon  4 Oct 04        .  |  .   #   |10216.54  | .  +              *
Tue  5 Oct 04        .  |  .#      |10177.68  | .  +             *
Wed  6 Oct 04        .  |  .   #   |10239.92 @| .   +             *
Thu  7 Oct 04        .  | #.       |10125.40  | .  +           *
Fri  8 Oct 04        .  | #.       |10055.20  | . +          *
Mon 11 Oct 04        .  | #.       |10081.97  | .+            *
Tue 12 Oct 04        .  #  .       |10077.18  | +             *
Wed 13 Oct 04        .  #  .       |10002.33  |+.           *
Thu 14 Oct 04        .# I  .       | 9894.45  + .        *
Fri 15 Oct 04        .  | #.       | 9933.38  + .         *
Mon 18 Oct 04        .  |  #       | 9956.32  + .         *
Tue 19 Oct 04        . #|  .       | 9897.62  + .        *
Wed 20 Oct 04        .  #  .       | 9886.93  + .       *
Thu 21 Oct 04        .  |  .#      | 9865.76  |+.       *
Fri 22 Oct 04        .  |# .       | 9757.81  |+.    *
Mon 25 Oct 04        .  |  .  #    | 9888.48  | +       *
Tue 26 Oct 04        .  |  .  #    | 9888.48  | +       *
Wed 27 Oct 04        .  |  .  #    |10002.03  | .+          *
Thu 28 Oct 04        .  |  .#      |10004.54  | .+          *
Fri 29 Oct 04        .  |  . #     |10027.47  | . +         *
Mon  1 Nov 04        .  |  . #     |10054.39  | .  +         *
Tue  2 Nov 04        .  |  .#      |10035.73  | . +          *
Wed  3 Nov 04        .  |  .    #  |10137.05  | .  +           *
Thu  4 Nov 04        .  |  .    #  |10314.76 @| .   +                *
Fri  5 Nov 04        .  |  .  #    |10387.54 @| .   +                  *
Mon  8 Nov 04        .  |  .#      |10391.31 @| .   +                  *
Tue  9 Nov 04        .  |  . #     |10386.37 @| .   +                  *
Wed 10 Nov 04        .  |  . #     |10385.48  | .  +                   *
Thu 11 Nov 04        .  |  .   #   |10469.84  | .  +                     *
Fri 12 Nov 04        .  |  .   #   |10539.01  | .  +                       *
Mon 15 Nov 04        .  |  . #     |10550.24  | .  +                       *
Tue 16 Nov 04        .  | #.       |10487.65  | .  +                      *
Wed 17 Nov 04        .  |  .   #   |10549.57  | .  +                       *
Thu 18 Nov 04        .  |  . #     |10572.55  | .  +                        *
Fri 19 Nov 04        .  | #.       |10456.91  | . +                      *
Mon 22 Nov 04        .  |  .  #    |10489.42  | . +                       *
Tue 23 Nov 04        .  |  . #     |10492.60  | .  +                      *
Wed 24 Nov 04        .  |  .   #   |10520.31  | .  +                      *
Fri 26 Nov 04        .  |  .  #    |10522.23  | .  +                      *
Mon 29 Nov 04        .  |  .#      |10475.90  | .  +                     *
Tue 30 Nov 04        .  |  .#      |10428.02  | .  +                    *
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Comment on NASDAQ “Timer’s Trend”: We’re currently on a BUY signal given October 26, 2004.

NASDAQ TIMER'S TREND

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Mon  2 Aug 04        . #I  .       | 1892.09  |-.           *
Tue  3 Aug 04     #  .  I  .       | 1859.42  | -         *
Wed  4 Aug 04       #.  I  .       | 1855.06  | -         *
Thu  5 Aug 04    #   .  I  .       | 1821.63  | . -      *
Fri  6 Aug 04  #     .  I  .       | 1776.89 @| .   - *
Mon  9 Aug 04      # .  I  .       | 1774.64 @| .    -*
Tue 10 Aug 04        .# I  .       | 1808.70 @| .   -   *
Wed 11 Aug 04    #   .  I  .       | 1782.42 @| .   -  *
Thu 12 Aug 04   #    .  I  .       | 1752.49 @| .    *
Fri 13 Aug 04       #.  I  .       | 1757.22 @| .   -*
Mon 16 Aug 04        .  I# .       | 1782.84  | . -    *
Tue 17 Aug 04        .  I  #       | 1795.25  | .-     *
Wed 18 Aug 04        .  I #.       | 1831.37  | -        *
Thu 19 Aug 04        .# I  .       | 1819.89  + .       *
Fri 20 Aug 04        .  |  #       | 1838.02  |+.        *
Mon 23 Aug 04        .  I #.       | 1838.70  |+.        *
Tue 24 Aug 04        .  #  .       | 1836.89  |+.        *
Wed 25 Aug 04        .  |  .#      | 1860.72  |+.          *
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Thu 26 Aug 04        .  #  .       | 1852.92  |+.         *
Fri 27 Aug 04        .  |  #       | 1862.09  |+.          *
Mon 30 Aug 04       #.  I  .       | 1836.49  + .        *
Tue 31 Aug 04        .  #  .       | 1838.10  + .        *
Wed  1 Sep 04        .  |  . #     | 1850.41  + .         *
Thu  2 Sep 04        .  |  . #     | 1873.43  |+.          *
Fri  3 Sep 04        .# |  .       | 1844.48  + .         *
Tue  7 Sep 04        .  |  .#      | 1858.56  | +         *
Wed  8 Sep 04        .  #  .       | 1850.64  | +         *
Thu  9 Sep 04        .  |  . #     | 1869.65  | +          *
Fri 10 Sep 04        .  |  .  #   }| 1894.31  | +           *
Mon 13 Sep 04        .  |  .  #    | 1910.38  | . +          *
Tue 14 Sep 04        .  |  #       | 1915.40  | . +          *
Wed 15 Sep 04        .  #  .       | 1896.52  | . +         *
Thu 16 Sep 04        .  |  . #     | 1904.08  | . +          *
Fri 17 Sep 04        .  |  . #     | 1910.09  | .+           *
Mon 20 Sep 04        .  | #.       | 1908.07  | .+           *
Tue 21 Sep 04        .  |  . #     | 1921.18  | .+            *
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Wed 22 Sep 04        .# |  .       | 1885.71  | .+          *
Thu 23 Sep 04        .  |# .      [| 1886.43  | +           *
Fri 24 Sep 04        . #I  .      {| 1879.48  |+.          *
Mon 27 Sep 04       #.  I  .       | 1859.88  |-.         *
Tue 28 Sep 04        .  &  .       | 1869.87  | -          *
Wed 29 Sep 04        .  |  .#     }| 1893.94  + .           *
Thu 30 Sep 04        .  |  .#      | 1896.84  + .           *
Fri  1 Oct 04        .  |  .   #   | 1942.20  | +              *
Mon  4 Oct 04        .  |  .  #    | 1952.40  | . +            *
Tue  5 Oct 04        .  |  .#      | 1955.50  | .  +           *
Wed  6 Oct 04        .  |  . #     | 1971.03  | .  +            *
Thu  7 Oct 04        .  |# .       | 1948.52  | . +            *
Fri  8 Oct 04        .# I  .       | 1919.97  | +            *
Mon 11 Oct 04        .  | #.       | 1928.76  | +             *
Tue 12 Oct 04        .  &  .       | 1925.17  |+.             *
Wed 13 Oct 04        .  I  #      {| 1920.53  + .             *
Thu 14 Oct 04        .# I  .       | 1903.02  + .            *
Fri 15 Oct 04        .  &  .       | 1911.50  + .            *
Mon 18 Oct 04        .  I  .#      | 1936.52  |+.             *
Tue 19 Oct 04        .  &  .       | 1922.90  |+.             *
Wed 20 Oct 04        .  &  .       | 1932.97  + .             *
Thu 21 Oct 04        .  |  .#     }| 1953.62  |+.              *
Fri 22 Oct 04        .# I  .      {| 1915.14  |+.            *
Mon 25 Oct 04        .  I #.       | 1928.79  + .             *
Tue 26 Oct 04        .  | #.      }| 1928.79  + .             *
Wed 27 Oct 04        .  |  .  #    | 1969.99  | +               *
Thu 28 Oct 04        .  |  .#      | 1975.74  | +               *
Fri 29 Oct 04        .  | #.       | 1974.99  | +               *
Mon  1 Nov 04        .  |  .#      | 1979.87  | .+              *
Tue  2 Nov 04        .  |  . #     | 1984.79  | . +              *
Wed  3 Nov 04        .  |  . #     | 2004.33  | . +               *
Thu  4 Nov 04        .  |  .#      | 2023.63  | . +                *
Fri  5 Nov 04        .  |  .   #   | 2038.94  | .  +               *
Mon  8 Nov 04        .  |  .#      | 2039.25  | .  +               *
Tue  9 Nov 04        .  |  #       | 2043.33  | . +                 *
Wed 10 Nov 04        .  | #.       | 2034.56  | . +                *
Thu 11 Nov 04        .  |  .   #   | 2061.27  | . +                  *
Fri 12 Nov 04        .  |  .  #    | 2085.34  | . +                   *
Mon 15 Nov 04        .  |  .  #    | 2094.09  | . +                   *
Tue 16 Nov 04        .  |  #       | 2078.62  | . +                  *
Wed 17 Nov 04        .  |  .   #   | 2099.68  | .  +                  *
Thu 18 Nov 04        .  |  .#      | 2104.28  | .  +                   *
Fri 19 Nov 04        .  | #.       | 2070.63  | . +                  *
Mon 22 Nov 04        .  |  . #     | 2085.19  | . +                   *
Tue 23 Nov 04        .  |  .#      | 2084.28  | . +                   *
Wed 24 Nov 04        .  |  .  #    | 2102.54  | . +                    *
Fri 26 Nov 04        .  |  .  #    | 2101.97  | . +                    *
Mon 29 Nov 04        .  |  .  #    | 2106.87  | .  +                   *
Tue 30 Nov 04        .  |  .#      | 2096.81  | .  +                  *
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"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 near the end of December.