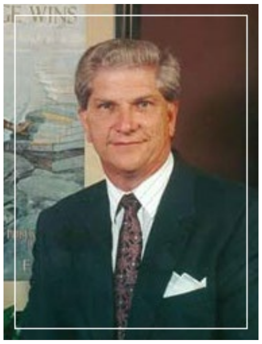
Ryan ALM, inc.

Asset/Liability Management

The Solutions Company



Ronald Ryan, CEO, CFA

Misleading Indicators

The Commerce Department reports with some glee that sales and income figures show an easing up of the rate of which business is easing off, which is taken as proof that there is a slow down as well as a noticeable slowing up of a slowdown.

In order to clarify the cautious terminology of the experts, it should be noted that a slowing up of the slowdown is not as good as an upturn in the down curve, but it is a good deal better than either a speedup of the slowdown or a deepening of the down curve, and it does suggest that the climate is about right for an adjustment to the readjustment.

Turning to unemployment, we find a definite decrease in the rate of increase, which clearly shows that there is a letting up of the letdown. Of course, if the slowdown should speed up, the decrease in the rate of increase of unemployment would turn into an increase in the rate of decrease of unemployment. In other words, the deceleration would be accelerated.

But the indicators suggest a leveling off, referred to on Wall Street as a bumping along rock bottom. This will be followed by a gentle pickup, then a faster pickup, a slowdown of the pickup, and finally a leveling off again.

It is hard to tell, before the slowdown is completed, whether a particular pickup is going to be fast. At any rate, the climate is right for a pickup this season, especially if you are about twenty-five, unmarried, and driving a red convertible.

It's April 1… **don't be fooled!**

Ronald J. Ryan, CFA