

Central Plains Advisors, Inc.

9415 E Harry, Suite 201 Wichita, KS 67207 888-735-CPAI
www.centralplainsadvisors.com

July 2003

Interim Update

“Moribund”

That is what Alan Greenspan said the other day in answer to a question concerning the state of the U.S. Economy. As was pointed out by Charlie Minter, the Webster definition of such a word (which, frankly, we have never heard before) is “being in the state of dying: approximate death and being in a state of inactivity or obsolescence.” My, what a ringing endorsement of the U.S. economy.

As you know, we took profits and have reinvested again - which simply means we have more shares of the same asset we had before, without putting in more money. Please, keep this in mind when you notice the per share price. Our reentry point was early, but we don't believe most of you think we can hit the tops and bottoms of those markets perfectly (some do and we have already heard from one of them). We are materially better off than we were and the outlook has not changed - only the short term psychology and that's what allows us to do well. This is the essence of discipline and if you are feeling disappointment that we didn't hit the absolute high or low, that simply means you should put more money in, rather than expect perfection.

This economy is in trouble, even though the Nation Bureau of Economic Research has finally called an end to the recession - it was November of 2001. This was less than the average of the nine previous post WWII recessions, being only eight months (April through November 2001). That's good news, the bad news is that the real recession has not even started.

The stock market is overvalued, the bond market is overvalued except for governments, and the housing bubble looks ominous. Three things happened this week, which are considered bullish, but are just the opposite: good earnings from Citibank, good earnings from Bank of America, and a near 4% increase in housing starts. All of these are extremely bearish. Why? Because the financial community of the country is making money at the expense of Main Street (the real economy) and the housing bubble is becoming even larger.

Again, please keep in mind we don't need a bad economy to have lower government interest rates. There is no bias here. We are just plain worried. Our Austrian Economic Model is flashing red.

Central Plains Advisors, Inc.

Information contained in this commentary is based upon information obtained from sources both external and internal which we consider to be reliable, but the accuracy of the information and the recommendations contained herein cannot be guaranteed, nor do they constitute a solicitation for the purchase or sale of any securities mentioned herein. Information contained in this commentary may not be reproduced in any form without written permission from Central Plains Advisors, Inc.
