

Business Cycle Forecast

13 Leading Indicators

Monetary

	Negative	Reliability
1 M2	+8% 2001 to 2% now	100% correct
2 Yield Curve	+370 Basis points to 10 Basis points (BP)	80% correct
3 Mtg. Purchase applications	-12% year ago	
4 BAA bond spread	+60 BP 2/05 lows	
5 Corporate and Treasury Notes	+13 BP	

Economic

	Negative	
1 Vendor performance	-15% since 5/04	Fair to good
2 New Orders- non-defense	-19% 2005 peak	X
3 Private building permits	-2% 9/05 peak	X
4 Consumer expectations	76 in March down from 80 in Dec & 100.1 1/1/04	X
5 Increase initial claims unemployment	Modest increase	X
6 Decline in work week	Small decline	X

Other

		Did not Work
1 Stock prices	Positive	2001
2 Commodities	Positive	1990's

Above is the shape of things to come. See Van Hoisington's www.hoisingtonmgt.com and Northern Trust's Website www.northerntrust.com.