

Winners & Losers in 2005

January 3, 2006

The performance numbers for 2005 will be reported over the next several weeks. It will be interesting to see and hear the spin put on the various results by the large number of investment fund managers.

For your general edification we are providing a list of asset classes and their 2005 price increases or decreases. It is tabulated in the far right column in dollars as well as percentage terms. Please note the stock indexes are prices only, which do not include income. The chart store (www.thechartstore.com) does an excellent job in providing such things. We have been a client of theirs for some time.

Please note the interest rate changes at the bottom of the page. For some reason they do not include the 30 year treasury bond. The yields for it were 4.54% 12/30/05 and 4.94% 12/31/04, a decline of 40 basis points. Only the 20 year and 30 year bonds declined in basis points (increase in price.) For the 20 year bond the increase in value was approximately 3% and for the 30 year bond approximately 6%. All maturities less than 20 years reported losses. Again, none of this includes income. We were invested most of the year in long maturity governments therefore got the most of what the maturity selection could provide for the year. This kind of action, while the Fed raised interest rates all year long, came as quite a surprise to most market participants, but not to us, and for the very reason that we have articulated since 1995, globalization has created a whole new economic ball game and most are slow to catch on.

Weekly Scoreboard

	12/30/05	12/23/05	Change for the week		12/31/04	Change year to date	
			in \$	in %		in \$	in %
Stock Indexes							
Dow Jones Industrial Average	10,717.50	10,883.27	-165.77	-1.52%	10,783.01	-65.51	-0.61%
Dow Jones Transportation Average	4,196.03	4,266.75	-70.72	-1.66%	3,798.05	397.98	10.48%
Dow Jones Utilities Average	405.11	411.65	-6.54	-1.59%	334.95	70.16	20.95%
S&P 500 Composite	1,248.29	1,268.66	-20.37	-1.61%	1,211.92	36.37	3.00%
S&P 400 MidCap	738.05	748.48	-10.43	-1.39%	663.31	74.74	11.27%
S&P 600 SmallCap	350.67	357.16	-6.49	-1.82%	328.80	21.87	6.65%
Nasdaq Composite	2,205.32	2,249.42	-44.10	-1.96%	2,175.44	29.88	1.37%
Nasdaq 100	1,645.20	1,682.92	-37.72	-2.24%	1,621.12	24.08	1.49%
Russell 1000	679.42	690.04	-10.62	-1.54%	650.99	28.43	4.37%
Russell 2000	673.22	686.44	-13.22	-1.93%	651.57	21.65	3.32%
Russell 3000	723.31	734.87	-11.56	-1.57%	693.63	29.68	4.28%
Sector Specific							
Gold Bugs Index (HUI)	276.90	270.88	6.02	2.22%	215.33	61.57	28.59%
Gold/Silver Index (XAU)	128.03	125.02	3.01	2.41%	99.35	28.68	28.87%
Commodities							
Commodity Indexes							
Dow Jones/AIG Commodity Index	171.15	171.31	-0.16	-0.09%	145.60	25.55	17.55%
Goldman Sachs Commodity Index	431.72	425.45	6.27	1.47%	310.66	121.06	38.97%
Reuters-CRB Futures Index	347.89	344.50	3.39	0.98%	283.90	63.99	22.54%
Energy							
Crude Oil (West Texas Intermediate Spot)	61.04	58.09	2.95	5.08%	43.46	17.58	40.45%
Grains							
Corn (Central Illinois Spot)	2.000	1.980	0.020	1.01%	1.885	0.115	6.10%
Soybeans (Central Illinois Spot)	5.880	5.980	-0.100	-1.67%	5.405	0.475	8.79%
Wheat (soft red spot, St. Louis)	3.275	3.245	0.030	0.92%	3.505	-0.230	-6.56%
Industrial Metals							
Aluminum (LME, cash spot)	2,285.00	2,256.00	29.00	1.29%	1,964.00	321.00	16.34%
Copper (COMEX, cash spot)	2.1615	2.2305	-0.0690	-3.09%	1.4870	0.6745	45.36%
Copper (LME, cash spot)	4,584.50	4,595.00	-10.50	-0.23%	3,279.50	1,305.00	39.79%
Lead (LME, cash spot)	1,100.00	1,135.50	-35.50	-3.13%	1,056.00	44.00	4.17%
Nickel (LME, cash spot)	13,380.00	13,305.00	75.00	0.56%	15,205.00	-1,825.00	-12.00%
Tin (LME, cash spot)	6,600.00	6,570.00	30.00	0.46%	7,765.00	-1,165.00	-15.00%
Zinc (LME, cash spot)	1,915.00	1,875.00	40.00	2.13%	1,270.00	645.00	50.79%
Precious Metals							
Gold (London PM Fix)	513.00	500.00	13.00	2.60%	435.60	77.40	17.77%
Palladium (NY, spot)	255.00	246.00	9.00	3.66%	186.00	69.00	37.10%
Platinum (London PM Fix)	965.00	958.00	7.00	0.73%	859.00	106.00	12.34%
Silver (Handy & Harman Base)	8.910	8.605	0.305	3.54%	6.845	2.065	30.17%
Currencies							
U.S. Dollar Index	91.17	90.84	0.33	0.36%	80.85	10.32	12.76%
Euro	1.1842	1.1857	-0.0015	-0.13%	1.3538	-0.17	-12.53%
	12/30/05	12/23/05	Basis points change for the week		12/31/04	Basis points change for the year	
Interest Rates							
3 month U.S. Treasury Yield	4.08%	3.99%	9		2.22%	186	
3 month LIBOR	4.54%	4.52%	2		2.56%	197	
1 year U.S. Treasury Yield	4.38%	4.33%	5		2.75%	163	
1 year LIBOR	4.84%	4.85%	-1		3.10%	174	
2 year U.S. Treasury Yield	4.41%	4.37%	4		3.08%	133	
3 year U.S. Treasury Yield	4.37%	4.34%	3		3.25%	112	
5 year U.S. Treasury Yield	4.35%	4.32%	3		3.63%	72	
10 year U.S. Treasury Yield	4.39%	4.38%	1		4.24%	15	
20 year U.S. Treasury Yield	4.61%	4.63%	-2		4.85%	-24	
1 year adjustable-rate mortgages	5.15%	5.22%	-7		4.19%	96	
15 year fixed-rate mortgages	5.76%	5.79%	-3		5.23%	53	
30 year fixed-rate mortgages	6.22%	6.26%	-4		5.81%	41	