

Editor's Note: I am writing this early because I will be on vacation the beginning of August. I will be back in the office August 7. If you need anything, my staff will be available to assist you.



Market Comments

Editor: J. Andre Weisbrod

7-25-00

Summer Rally Lifts Some Stocks

Since May 30 the Dow has rebounded, up over 2.2% in July (through 7/24). The S&P 500 is up negligibly in July, but has gained over 3% since the end of May. While slowing in July, the NASDAQ is up over 17% during the same period. The Russell 2000 small company index has lost a little during this time and the EAFE International index has risen almost 2%.

Look for Uncertainty, More Volatility in August

Uncertainty regarding inflation and interest rates along with some other potential problems could make for some volatile times in the next few months. It has been a good environment for good managers -- many funds are beating the indexes.

The future should be interesting. It will be a delicate balance. If the economy heats up again, there will be inflation worries; if credit is tightened and the economy slows too much, there will be recession worries. Our hope is that it gets neither too hot nor too cold will occur, but that it will be just right.

Outlook (1-3 Months)

Intermediate Bonds Neutral to Unfavorable

Long Term Bonds Neutral to Unfavorable

Larger Company Stocks Neutral (However, may be favorable into early August)

Smaller Company Stocks Neutral (However, may be favorable into early August)

International Neutral to Favorable

Alternative Categories Selectively Favorable

Planning Corner

Tax Reformers Attack Marriage Penalty

Spearheaded by the Republicans, the Senate passed a bill to finally eliminate the "marriage penalty" tax structure which requires married couples to pay more income tax than two single people with the same total income. Assuming the House sends it on to the White House, President Clinton has vowed to veto the bill. (And the White House says they're on your side?)

Bill to Increase IRA and 401(k) Contribution Limits

A bill is moving through Congress that would increase annual contributions to IRAs from \$2000 to \$5000 maximum. It would also increase the maximum contribution to 401(k) plans to \$15,000. The increases would be phased in over three years. Assuming the Senate passes it, the White House has expressed some opposition, though it is not clear if there will be a veto.



Finally:



Pick a place, full of grace.
Clear your mind with beauty to find
in peaceful glen or soothing sea.
Rest, my friend.

