



MONEY MANAGER NEWSLETTER

JULY 2003

INVESTMENT CONSULTING GROUP, INC.
Donald R. Stanforth, CIMA



NORTHERN TRUST - GEORGE HUDSPETH JR.

Although the markets have rallied sharply in the second quarter, we believe further gains lie ahead. There are growing indications that confidence in the economy is gaining steam. Our economic indicators give us confidence that the economy is in a recovery mode, but additional evidence needs to be seen in the coming months.

SUNNYMEATH ASSET MANAGEMENT - JAMES O'MEALIA

A weaker dollar is not a bad thing per se and in fact it may be just what the doctor ordered for manufacturing stocks that are stuck between a rock and a hard place – because of a soft demand and little or no pricing power. An improved business climate worldwide will benefit retailers and should lead to better demand for metals and commodities.

We believe the economy is going to do a bit better in the next 12 months and energy prices are going to fall. With better economic activity, strong money supply growth and an accommodative federal reserve, the only worries are current levels of stock values and an increase in speculative stock markets.

DIVIDENDS AND INVESTORS' EMOTIONS - DONALD R. STANFORTH, PRESIDENT

Investors' negative emotions have reduced because of three simple reasons. First, the reduction of uncertainty; corporate confidence has improved. Second, continued low inflation and interest rates. Third, lower tax rates and dividends tax.

Higher dividends means:

- ◆ Equity is cheaper than debt for corporations.
- ◆ This will improve corporate balance sheets.
- ◆ Share repurchase plans with more consistent dividends attract investors to buy stocks.

FIVE YEAR CHART OF STOCKS, BONDS, & BILLS

