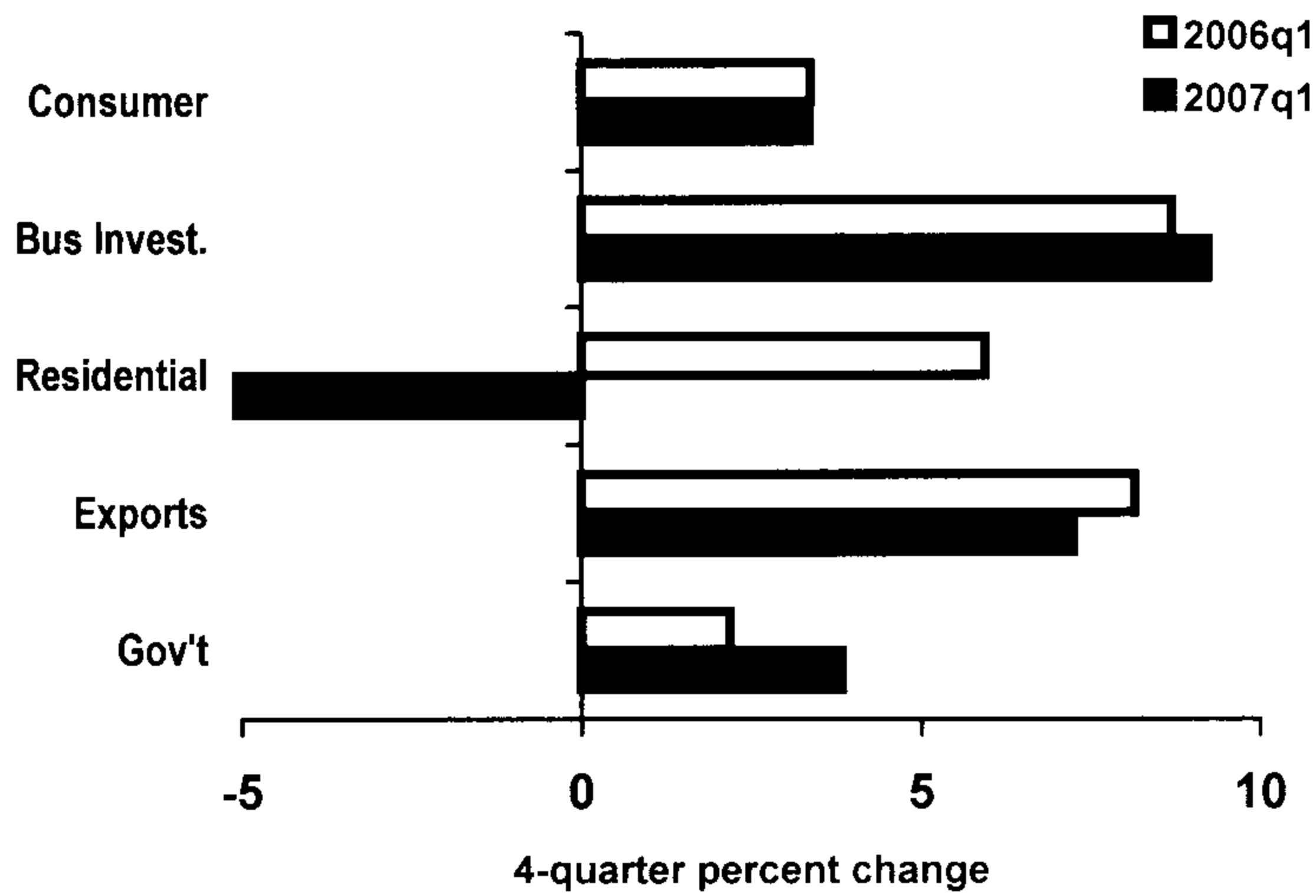
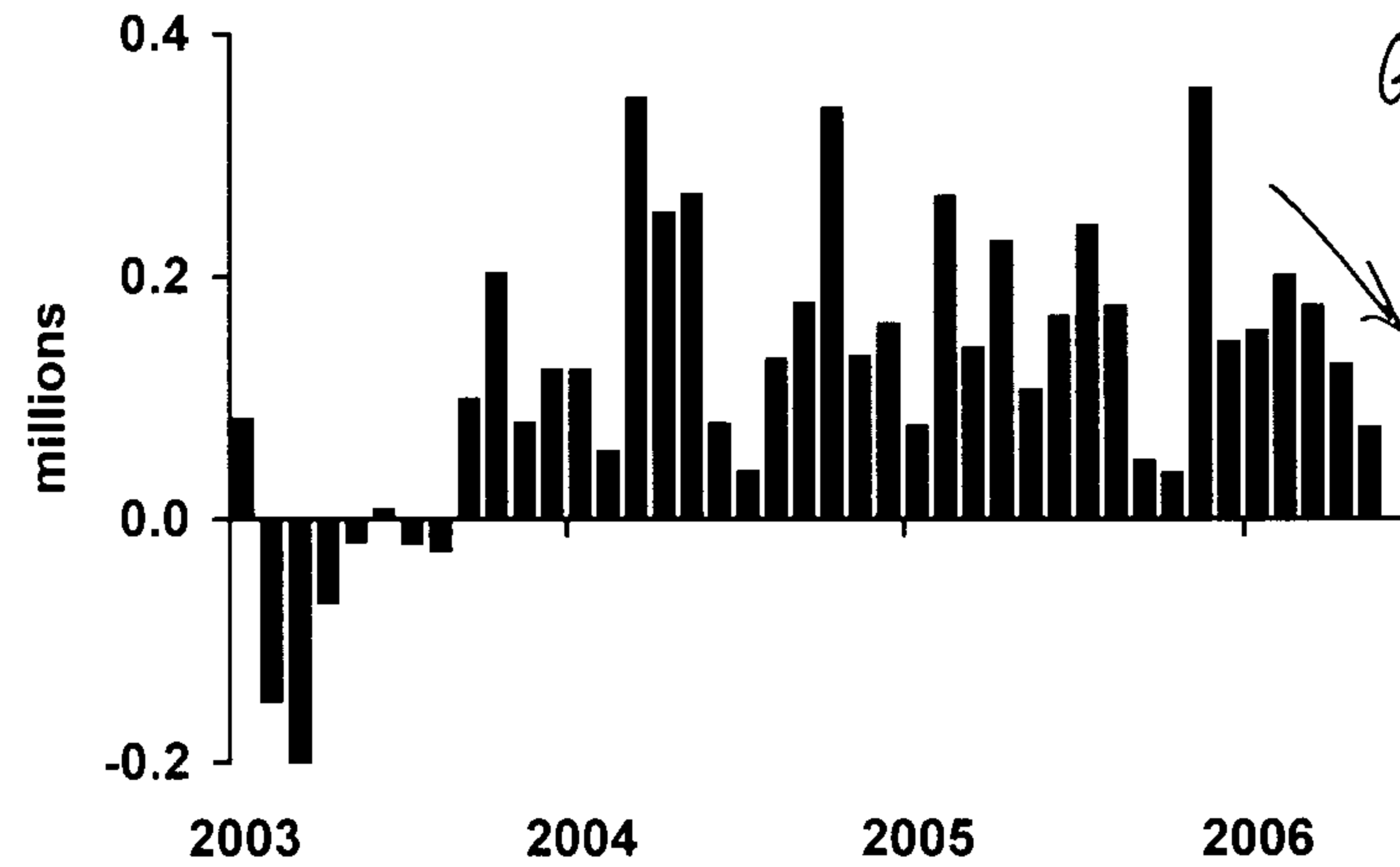


Growth by Sector



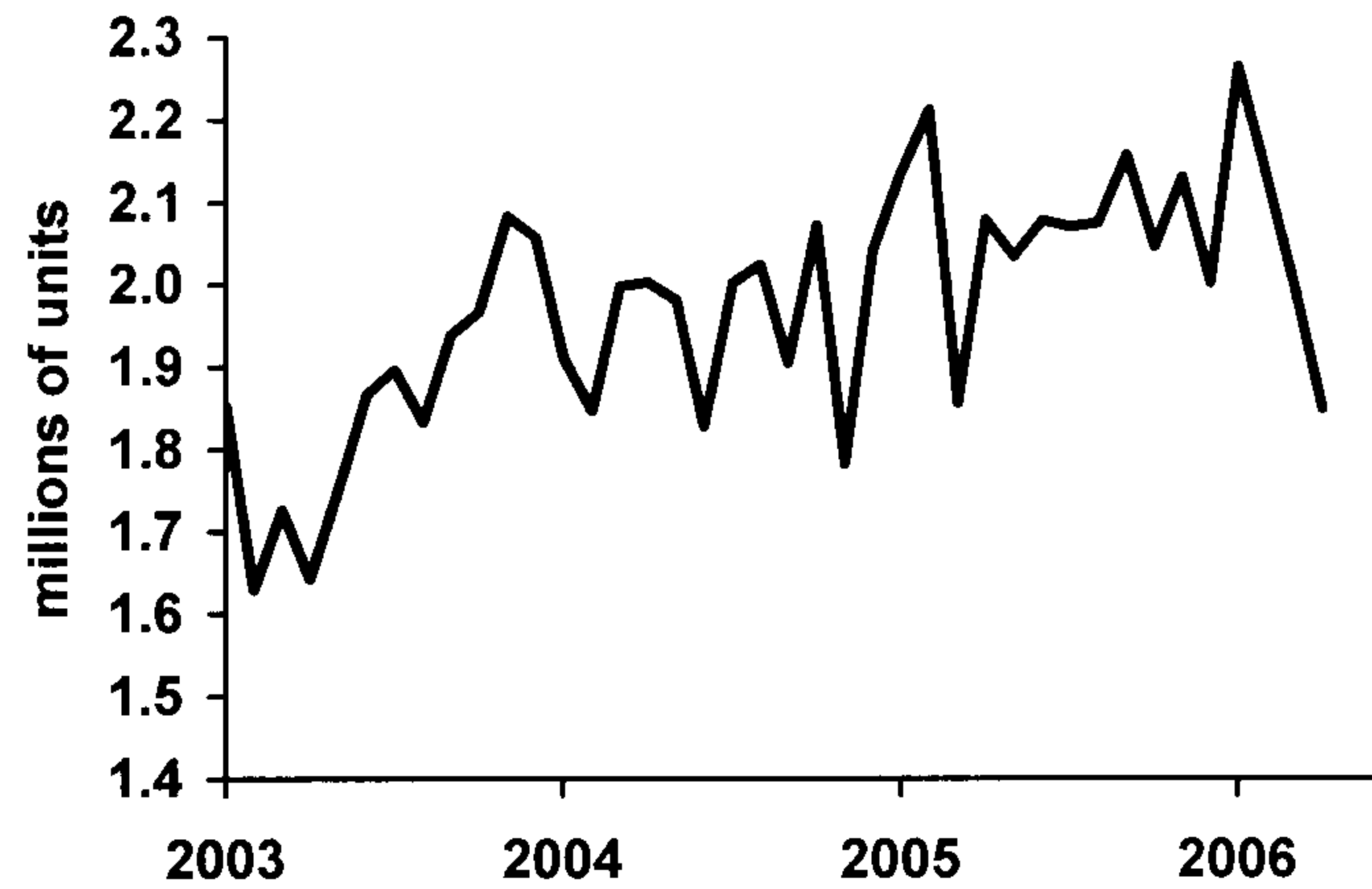
*My forecast:
only major
weakness is
housing
construction.*

Net New Jobs



*Growth is
slowing,
though
still
positive.*

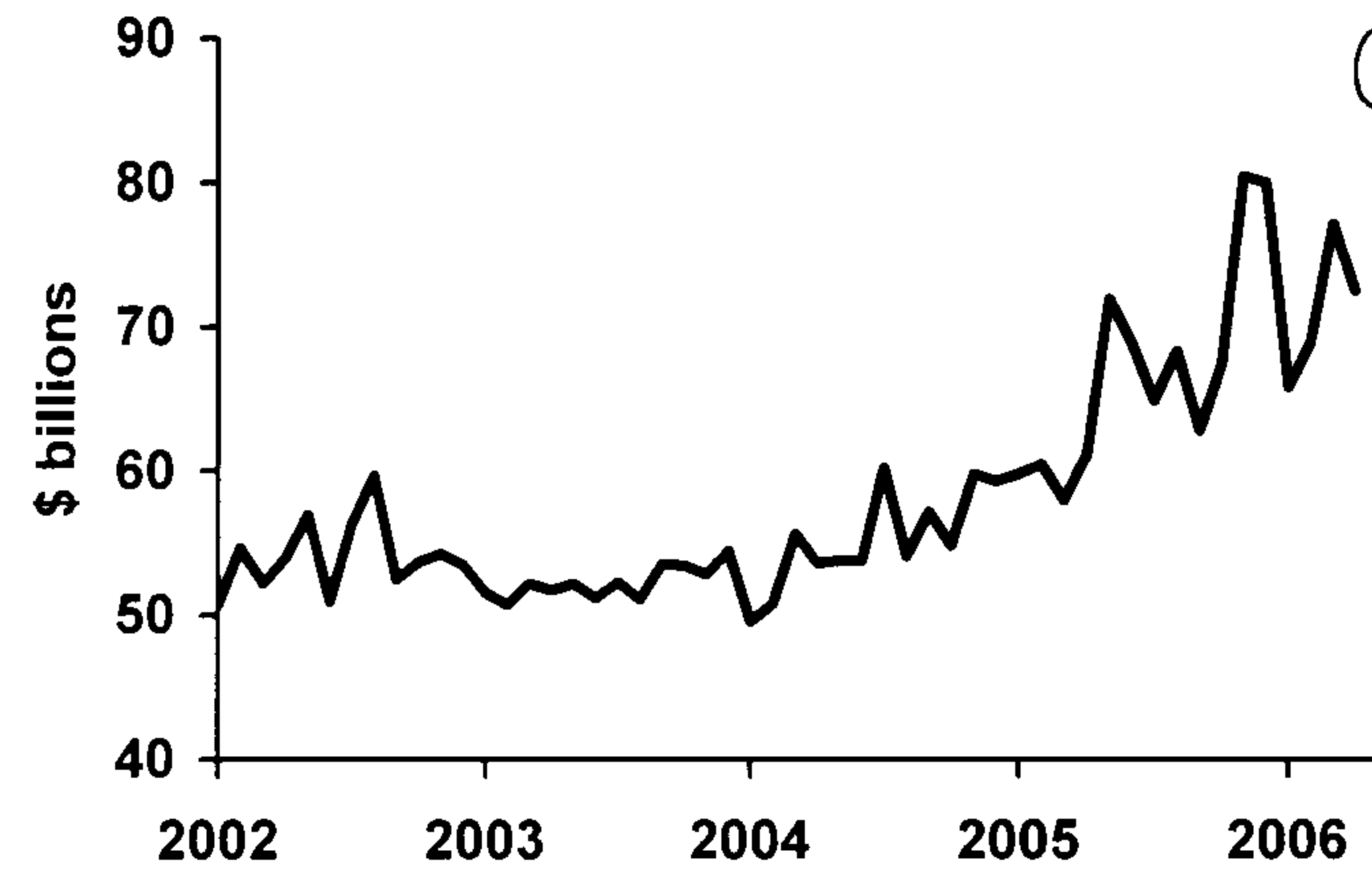
Housing Starts



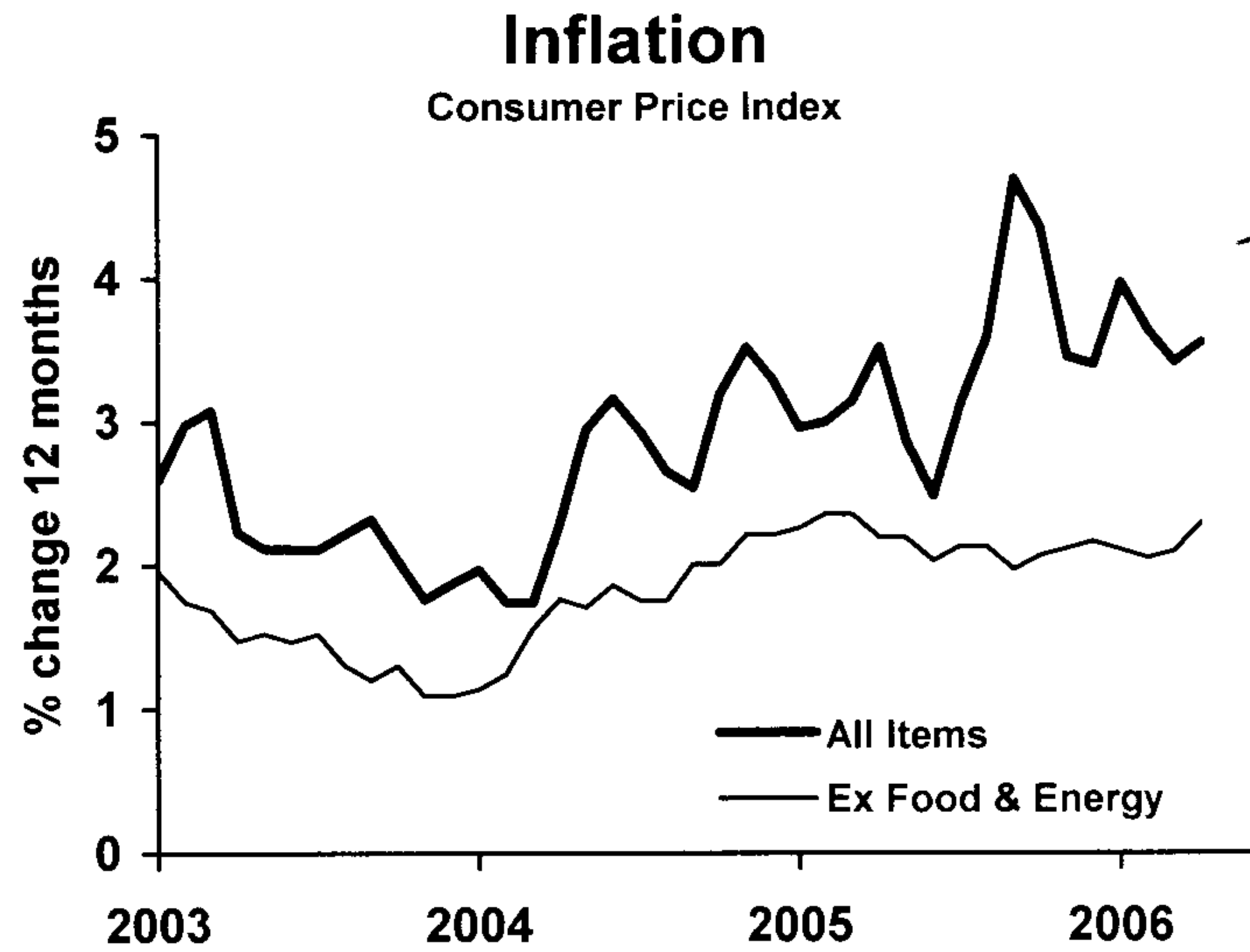
*Downward
slide*

Capital Goods Orders

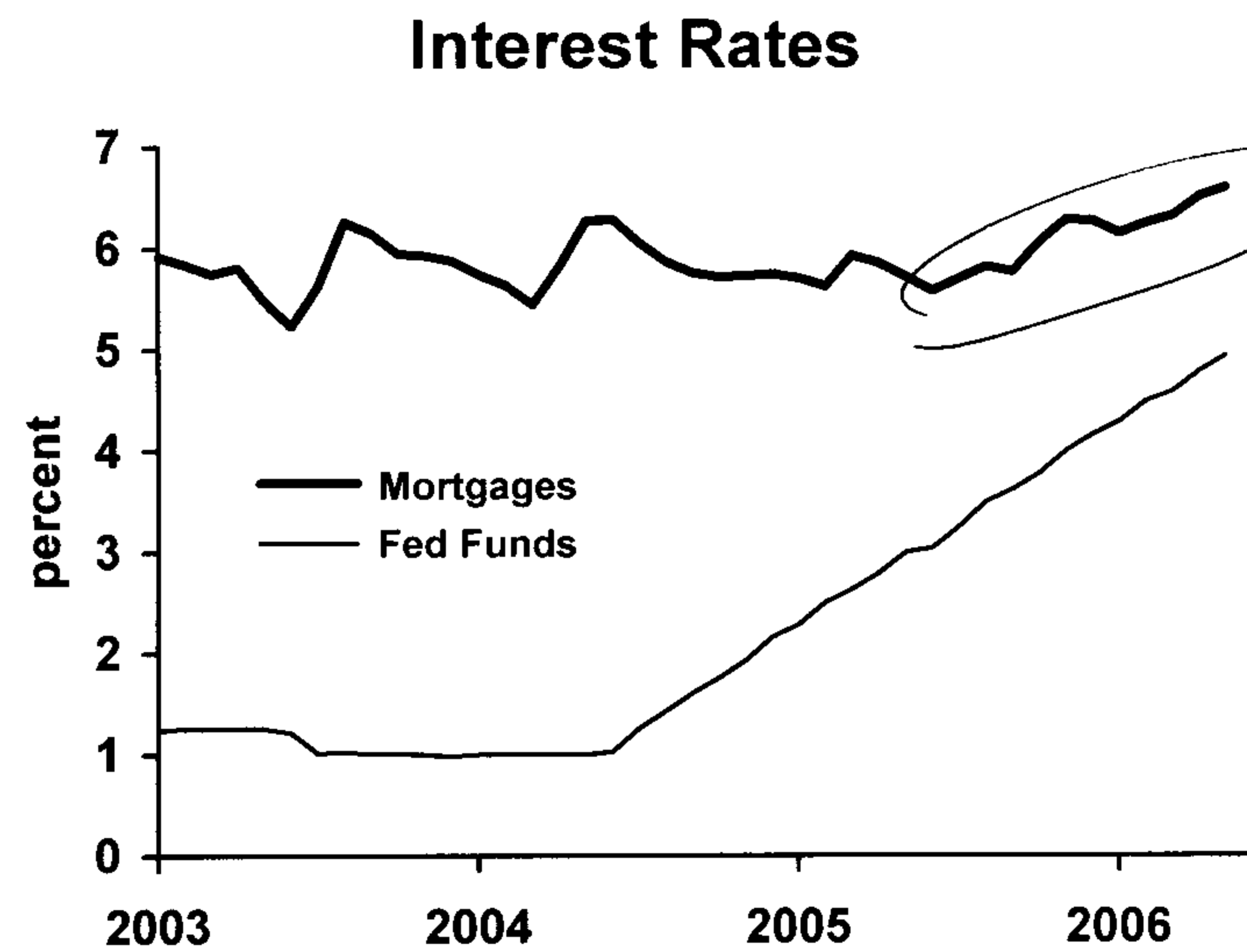
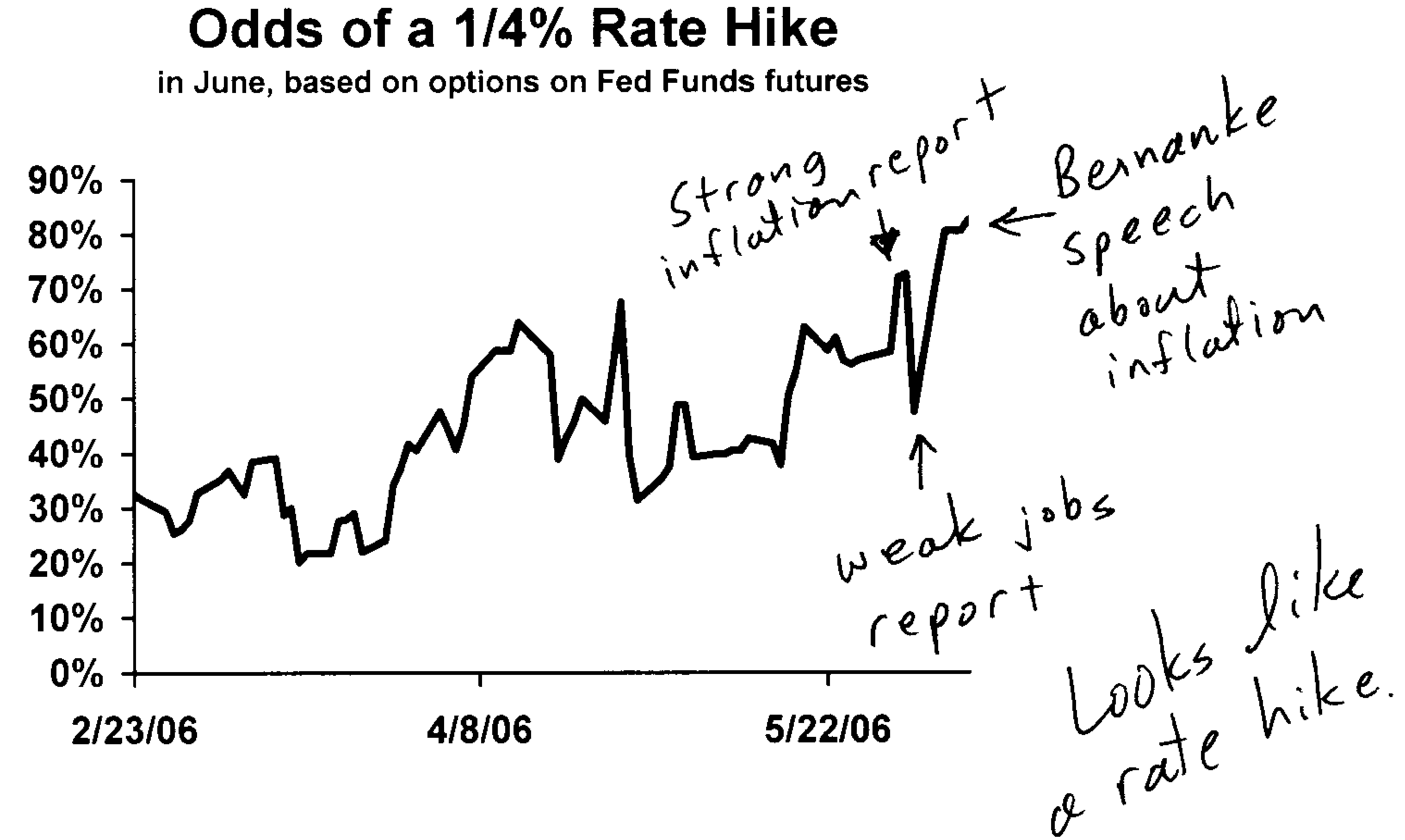
Non-Defense



*Capital
spending
should stay
strong; lots
of corporate
cash lying
around.*



The Fed is worrying about inflation.



Upward trend in long rates will slow economic growth more than hike in short rates.

