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Year 2002 is Over

Happy New Year! Well, the happiest part about 2003 beginning is that 2002 is over. Goodbye 2002. It was a tough year in many respects but on the investment front it was just short of devastating. 2002 was the fourth down year in a row for the stock markets. You have to go back over 100 years to see the last time this happened. I am pleased to see 2003 start and am cautiously optimistic about the investment prospects for this year.

The market showed some signs of life as the new year began. Investors certainly want to see the markets go up and they are both interested and excited about putting their money back into the stock market. There is an ongoing battle right now between the prospects of earnings growth and the prospect of war. Companies are beginning to gain some traction and are starting to believe that they will have better earnings in 2003. There is no doubt that this will be a challenging year to run any business profitably. Consumers are fickle and their spending habits turn based on their perception of the months ahead. The prospects of war with either Iraq or North Korea are a cause for concern. I do not pretend to know what the right answer is either of these cases, I only hope that our leadership will consider all avenues and make their decisions based on what is best for all concerned.

I am not a big fan of trying to predict what the stock market is going to do. I like to look at what is going on in the current environment and see what investments can be made or what actions can be taken to help preserve capital. The primary reason for this is that nobody knows where the market is going to be six months now. There is an interesting article in this week's BARRONS that talks about predictions. It seems that out of 20 high profile Wall Street analysts only two predicted within 2000 points the correct closing of the Dow average. Alan Abelson's piece is always worth reading. Sometimes it is just too funny to mess other times he is just able to point out the truth that is right in front of our face.

Some company news: I have begun interviewing to add another professional to the firm. I haven't made any decision but there are several good people I've interviewed. Kathryn wants to be fully retired as soon as possible. This is much earlier than we had discussed but I accept her decision to spend more time with her husband. Once you are way from this business it becomes more difficult to keep up with what's going on. Kathryn will be available to confer with clients but her desire is to be fully retired.

I spoke in my last newsletter about making appointments to come out and visit you. Wendy and I are just starting this process and will be calling you soon. I have already met with several people in their homes and it seems to be working quite well. Please think about a time that is convenient for you and we will work that into our schedule. I have been slowed down a bit with a broken arm from a skiing accident but it is healing well and will soon just be another memory of a year 2002.