



Interest Rates Forecast

Below is a forecast I provided a firm showing my thoughts for the credit markets over the following 2 - 3 month period on **September 28, 2002**. The last page is a follow-up chart of the forecasting accuracy.

- The Markets are NOT Efficient -



– Treasury Rates Outlook –

– A Technical Analysis –
September 28, 2002

Prior Forecast

- None

Forecast Accuracy

- N/a

Current Forecast

30-Year T-Bond Rates (TYX)

- The probability is fairly high that this past Tuesday's intra-day low of **4.606%** for the 30-Year T-Bond Index represents a major low. I anticipate long-bond rates to generally trend higher over the next 2 to 3 months as a minimum. Whether or not this projected major low turns out to be a multi-decade low is yet to be seen. Look for marginal long-term mortgage and corporate debt rates to rise as a result.

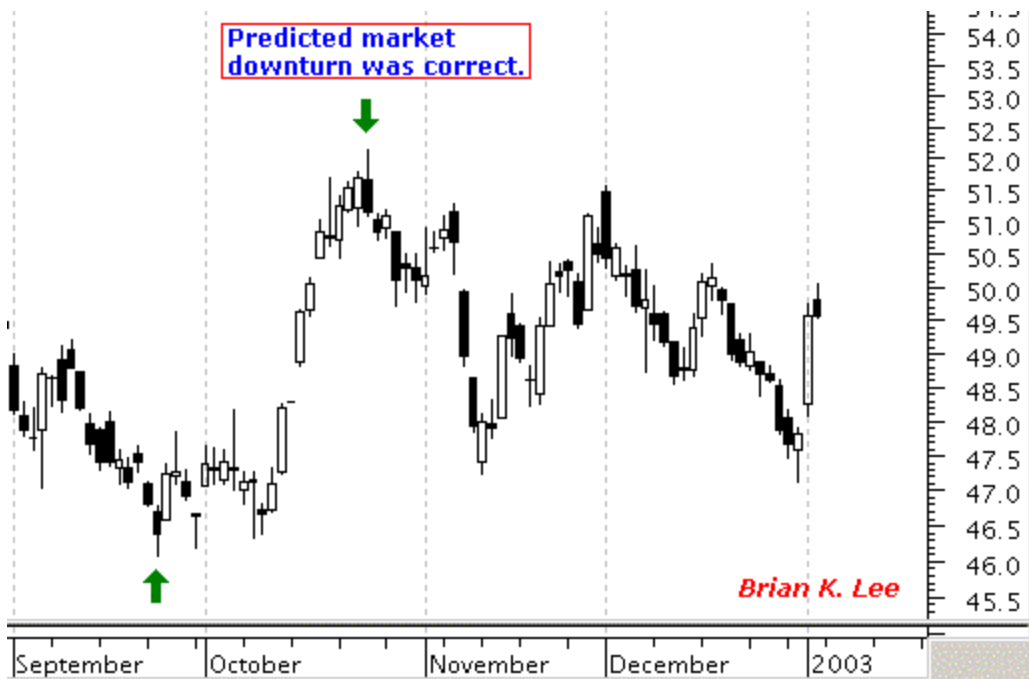


- Brian



- Forecast Accuracy -

The forecast provided on **September 28, 2002** proved to be accurate (see chart on this page for an update of the TYX market through market close as of **January 3, 2003**). Note this market never moved below the projected pivot Low since the original forecast was made. Omitted is an interim forecast of a market pivot high which had also proved to be accurate.



January 4, 2003