INTERMARKET FORECASTING

TOP DOWN INSIGHTS…BOTTOM LINE RESULTS

TRACK RECORD 2007

IFI anticipated the most important economic-financial development of 2007: the onset of recession in the U.S. (4Q2007-1Q2008) and the bearish effect it had on stock prices, junk bonds and lower-quality credit instruments. All four of our model investment portfolios outperformed passive benchmarks. We advised significant holdings in T-Bills and T-Bonds, both of which outperformed U.S. stocks and corporate bonds, especially junk bonds. We also tripled our recommended portfolio share in commodities (to 15%) prior to the price boom that began in September. Our forecasts in 2007 continued to focus on providing *practical* benefits to investors; all forecasted variables were *investable assets*. Finally, as in past years, we outperformed top Wall Street strategists in forecasting equities, T-Bonds and Fed policy. Below we summarize the key results for 2007:

- IFI's asset allocation advice generated solid, absolute gains as well as out-performance versus the usual benchmarks. Our Global equity portfolio scored a gain of 10.2%, surpassing the S&P 500's performance and also the performance of a passive, equal-weighted portfolio for all global regions (Table Three, page 5). We correctly recommended material over-weightings in the Latin America/ Canada region, which beat the S&P 500 by 26% points. We advised significant underweighting for Asia-Pacific/Japan; the region performed better than we expected, but Japan's stocks fell by 20%.

- Our U.S.-Specific portfolio delivered an absolute total return of 6.8%, or 0.3% points above the benchmark return (an assumed portfolio weighting of 65% in stocks, 35% in bonds and 10% in bills). We expected the S&P 500 to decline by 5-6% in 2007; it has declined by 9.3% over the past year. We also anticipated negative returns on corporate junk bonds. A year ago we advised a mere 5% portfolio share for U.S. stocks, compared to 45% (each) for U.S. bonds and bills; the latter have far outperformed stocks. A year ago we also advised a 5% portfolio allocation for commodities, which we steadily raised to 15% before the 25% commodity-price boom that began in September.

- The total return on our model portfolio of U.S. Equity Styles was 3.53% in 2007, beating a passive benchmark (an equal-weighted portfolio of styles) by 1% point. We advised the greatest portfolio share (35%) in small-cap growth stocks and the lowest share (20%) in small-cap value stocks; the former style returned 5.6% and beat the latter style (-5.5%) by 11.1% points (Table Three, page 5). The equity sectors which IFI expected to beat the S&P 500 in 2007 returned 3.1% on a weighted basis, versus a return of just 0.6% for the sectors that we expected to trail the S&P 500 – a material differential. We correctly forecasted relative performance in 60% of the sectors (Table Four, page 6).

- IFI's model portfolio for U.S.-Specific Fixed Income returned 6.6%, versus a 5.6% return on the benchmark (the Lehman Brothers Aggregate Government-Corporate Bond Index). We advised material portfolio weightings in investment-grade corporate bonds (45%) and T-Bonds (40%), with a 15% share in medium-term T-Notes and nothing in junk bonds (Table Three, page 5). T-Bonds and T-Notes returned 9-10% and substantially out-performed junk bonds. We predicted declining T-Bond yields, while Wall Street peers expected rising yields (Table Nine, page 11).

- IFI predicted a mild appreciation in the U.S. dollar in 2007, but instead it depreciated mildly; in early 2007 we were bearish on commodities one-year ahead, but in summer began to get bullish, given dollar weakness and Fed liquidity injections, to the point of advising a 10% portfolio share by August (Table Four, page 6), just prior to the commodity-price boom (see Figure One, page 5)

- In the past year IFI predicted a year-ahead decline in the S&P 500 and in T-Bond yields, plus severe Fed rate cuts and poor profit performance; thus we outperformed our peers (Wall Street strategists), who were improperly bullish on U.S. stocks and profits and incorrectly bearish on T-Bonds.

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IFI's Market-Based Forecasting Method

IFI uses signals from forward-looking market prices to forecast the risk-adjusted returns on currencies, commodities, stocks, bonds and bills globally. We eschew the use of economic data, which are backward-looking, perpetually revised and inherently incapable of capturing the incentives faced by market-makers with their own capital (or clients' capital) at risk.

IFI's mission is to uncover quantitative, predictive relationships consistent with classical economics,[1] market-clearing price theory, market efficiency and history. The finance-investment literature upon which we most rely is Arbitrage Pricing Theory (APT).[2] The evidence shows that market prices reflect the combined, forward-looking wisdom of the most astute market-makers. As such, prices contain implicit forecasts. We "decode" the messages in prices by performing rigorous regression analyses on price data, scrupulously retaining only statistically significant explanatory factors. We employ no "gurus" and reject any resort to subjective "hunches," anecdotes or pop psychology.[3]

IFI's time horizon is *one-year*, primarily because here we find the most dependable forecasting success. In contrast, we have found that very short-term (or very long-term) forecasts are notoriously unreliable. Optimal use of IFI's forecasting system can be made by investors who deploy *tactical asset allocation* (with a year-ahead horizon), as opposed to those engaged in day trading, "market timing" or strategic asset allocation (multi-year horizons).

The empirical record demonstrates that an investor's initial asset allocation explains more than 80% of the returns he ultimately achieves. Specific security selection and timing account for less than 20% of returns, while execution costs determine the balance. Thus in forecasting asset-class performance, IFI focuses on that element of investment decision-making which most influences ultimate, bottom-line results.

Today many practical means exist to profit by IFI's forecasts and asset-allocation recommendations; for many years, in fact, it's been unnecessary (if not dangerous) for an investor to play "stock picker" (or bond picker); it's far safer (and wiser) to profit from forecasts of broad asset classes and sub-classes.[4] Roughly 95% of the forecasted variables in this report represent investable assets.

At IFI we don't waste time forecasting GDP, CPI, non-farm payrolls and sundry other "measures" provided by Washington, since no one can actually invest in such statistics and since they offer nothing but rear-view mirror hindsight about the market-based activity investors really care about.

For easy reference we provide a numbered list of the 48 research reports that we issued throughout 2007 (pages 12-13). The primary report upon which "Track Record 2007" is based is our "Outlook 2007," published a year ago. As market conditions (and thus the price signals we rely upon) changed during the year we altered our year-ahead forecasts; but to be strictly objective, "for the record" in 2007 we focus primarily on our year-ahead outlook from a year ago. We also include *all* of the variables we forecasted – the good, the bad and the ugly.[5]

[1] See "Saysian Economics," *The Capitalist Advisor*, InterMarket Forecasting, Inc., December 31, 2003 (Part I) and January 5, 2004 (Part II).
[2] See "Arbitrage Pricing Theory," http://en.wikipedia.org/wiki/Arbitrage_pricing_theory. For technical articles on APT, see http://www.kellogg.northwestern.edu/faculty/korajczy/htm/aptlist.htm. For APT articles focused on investment applications and forecasting using the yield curve (or "the term structure of interest rates), see the work of Campbell Harvey, finance professor at Duke University (http://www.duke.edu/~charvey/research.htm).
[3] For more on our basic forecasting framework, see "Introducing the 'Policy Mix Index,'" *The Capitalist Advisor*, InterMarket Forecasting, Inc., April 23, 2002 and "The Basics of Inter-Market Forecasting," *The Capitalist Advisor*, InterMarket Forecasting, Inc., September 7, 2004. Also see the "Methodology" tab on our web site (www.intermarketforecasting.com).
[4] See "Exchange-Traded Funds: Asset Allocation Made Easy," *Investment Focus*, InterMarket Forecasting, Inc., April 11, 2003. Today there are roughly 600 exchange-traded funds tracking all sorts of asset classes..
[5] It is common for forecasters to "cherry-pick" their track records and to emphasize only successes; IFI prides itself on presenting the *full* record, not a *partial* one. Of course, there's nothing magical about measuring forecasting success solely in the year after December; it is merely a convention in the field. The reports that we issued *during* the year can be consulted for our subsequent forecasting success.

Figure One

Returns on U.S. Asset Classes
Cumulative & Compounded
Feb. 2007 - Feb. 2008

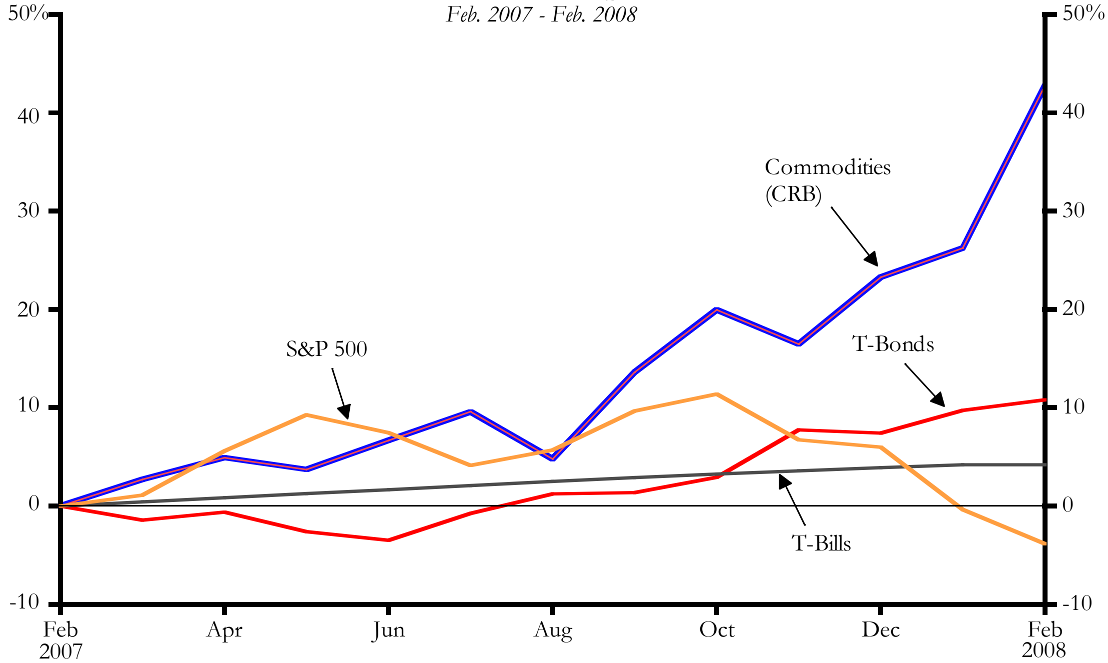

Figure Two

Returns on Equities Globally
Cumulative & Compound
Feb. 2007 - Feb. 2008

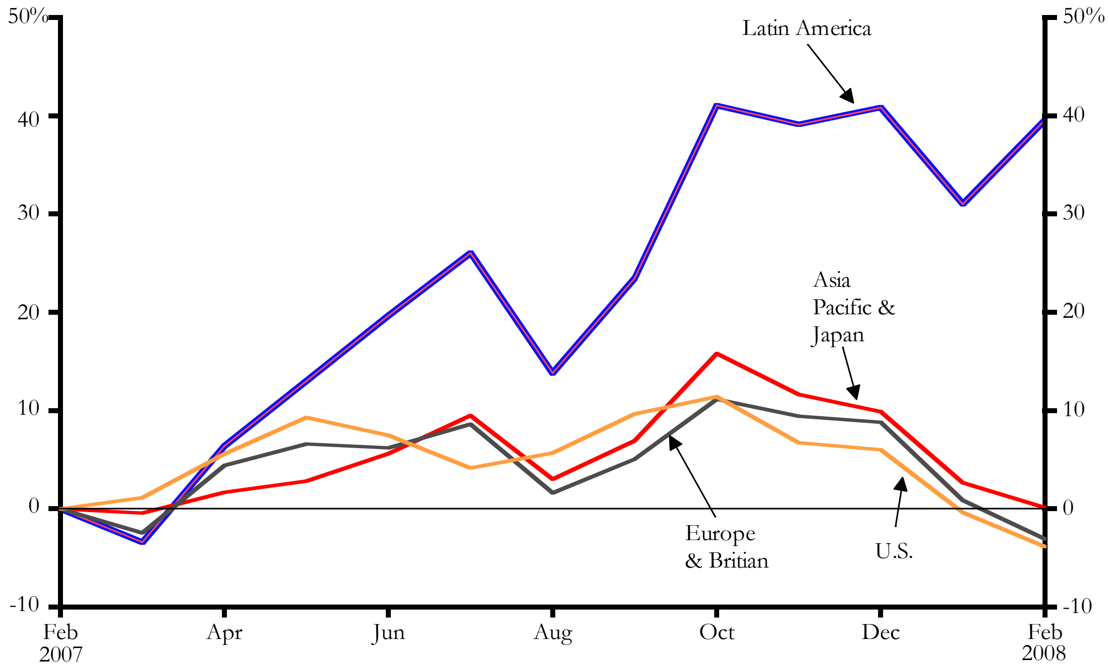

Table One

Forecasted Variables in 2007 & IFI's Success Rates

Table	Page	Category	# of Variables	Correctly Forecasted Number	Correctly Forecasted Percent
Four		Returns on IFI Model Portfolios	4	4	100%
Five		U.S. Dollar & Commodities	43	15	35%
Six		U.S. Money Market & Fixed Income	15	15	100%
Seven		U.S. Equities & Sector Rotation	33	18	55%
Eight		International Markets	31	10	32%
		Total	**126**	**62**	**49%**

Table	Page	IFI vs 9 Other Strategists Category	# of Competitors	Out-Performed by IFI Number	Out-Performed by IFI Percent
Nine		S&P 500 Price Index	9	0	0%
Nine		S&P 500 Earnings per Share	9	8	89%
Nine		10-Year U.S. Treasury Bond Yield	9	9	100%
Nine		Overnight Fed Funds Rate	9	9	100%
		Average		**6.5**	**72%**

Table Two

IFI's Asset Allocation Recommendations in 2007

Allocations Assume a One-year Time Horizon

	Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007	Jul 2007	Aug 2007	Sep 2007	Oct 2007	Nov 2007	Dec 2007
Global Investor													
U.S.	51%	50%	52%	53%	53%	53%	54%	49%	44%	44%	42%	41%	42%
Europe/U.K.	37%	37%	35%	34%	34%	34%	35%	38%	41%	40%	40%	40%	41%
Asia-Pacific/Japan	6%	7%	7%	9%	9%	8%	7%	9%	4%	5%	6%	7%	6%
Latin America/Canada	6%	6%	6%	4%	4%	5%	4%	4%	11%	11%	12%	12%	11%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
U.S.-Specific Investor													
Equities	5%	5%	5%	5%	5%	5%	10%	10%	10%	10%	15%	15%	20%
Bonds (U.S. & Corporate)	45%	45%	50%	50%	50%	50%	45%	45%	45%	45%	45%	45%	40%
Bills (T-Bills & Aaa C/P)	45%	45%	40%	40%	40%	40%	35%	35%	35%	30%	20%	15%	15%
Commodities/Gold	5%	5%	5%	5%	5%	5%	10%	10%	10%	15%	20%	25%	25%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
U.S.-Specific Fixed Income Investor													
U.S. Treasury Bonds	40%	40%	45%	45%	45%	40%	35%	35%	35%	35%	35%	35%	30%
Inflation-Indexed Bonds	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Medium-Term Treasury Notes	10%	15%	15%	15%	15%	20%	25%	30%	35%	35%	40%	45%	50%
Investment-Grade Corporate Bonds	45%	45%	40%	40%	40%	40%	40%	35%	30%	30%	25%	20%	20%
Non-Invest.-Grade Corporate Bonds	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Convertible Corporate Bonds	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
U.S.-Specific Equity Investor													
Large-Cap Growth	25%	25%	25%	30%	30%	35%	35%	45%	45%	45%	50%	50%	55%
Large-Cap Value	25%	20%	20%	15%	15%	10%	10%	10%	10%	10%	10%	10%	5%
Small-Cap Growth	30%	35%	35%	40%	40%	45%	45%	40%	40%	40%	35%	35%	35%
Small-Cap Value	20%	20%	20%	15%	15%	10%	10%	5%	5%	5%	5%	5%	5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Table Three

Returns on Major Asset Classes & IFI's Model Portfolios

*Based on IFI's Advised Portfolio Weightings at the Beginning of 2007**

	Advised	Total Returns per Asset Class	
Global Equity Investor	**Weighting**	**Absolute**	**Weighted Avg.**
U.S. (S&P 500)	50%	4.40%	2.20%
Europe/U.K.	37%	14.60%	5.40%
Asia-Pacific/Japan	7%	11.10%	0.78%
Latin America/Canada	6%	30.43%	1.83%
		Sum of Weighted-Average Returns:	**10.20%**
		Benchmark Return:	**10.01%**
		Excess/Deficient Return:	**0.20%**

	Advised	Total Returns per Asset Class	
U.S.-Specific Investor	**Weighting**	**Absolute**	**Weighted Avg.**
3-Month Treasury Bills	45%	4.64%	2.09%
Bonds (Treas. & Corp.) (1)	45%	6.63%	2.98%
Commodities/Gold (2)	5%	30.89%	1.54%
Equities (3)	5%	3.53%	0.18%
		Sum of Weighted-Average Returns:	**6.79%**
		Benchmark Return:	**6.50%**
		Excess/Deficient Return:	**0.29%**

1. See weighted-average calculation from "U.S.-Specific Bond Investor"
2. Half from the Goldman Sachs Commodity Index and half from gold
3. See weighted-average calculation from "U.S.-Specific Equity Investor"

	Advised	Total Returns per Asset Class	
U.S.-Specific Bond Investor	**Weighting**	**Absolute**	**Weighted Avg.**
Inv.-Grade Corp. Bonds	45%	2.60%	1.17%
Long-Term Treasury Bonds	40%	9.88%	3.95%
Medium-Term T-Notes	15%	10.05%	1.51%
Non-Inv.-Grade Corp. Bonds	0%	1.88%	0.00%
Inflation-Indexed T-Bonds	0%	10.78%	0.00%
		Sum of Weighted-Average Returns:	**6.63%**
		Benchmark Return:	**5.62%**
		Excess/Deficient Return:	**1.01%**

	Advised	Total Returns per Asset Class	
U.S.-Specific Equity Investor	**Weighting**	**Absolute**	**Weighted Avg.**
Small-Cap Growth (in S&P 600)	35%	5.60%	1.96%
Large-Cap Growth (in S&P 500)	25%	9.13%	2.28%
Large-Cap Value (in S&P 500)	20%	2.00%	0.40%
Small-Cap Value (in S&P 600)	20%	-5.54%	-1.11%
		Sum of Weighted-Average Returns:	**3.53%**
		Benchmark Return:	**2.60%**
		Excess/Deficient Return:	**0.94%**

* "Outlook 2007," January 17, 2007.

Table Four

The Absolute & Relative Price Performance of S&P 500 Sectors

*Organized by IFI's Advised Weightings at the Beginning of 2007**

Changes in averages: Dec. 2006 to Dec. 2007

Sectors Over-Weighted	Advised Weighting	Over/Under	Absolute Price Change: Simple	Absolute Price Change: Weighted	Versus S&P 500: Simple	Versus S&P 500: Weighted
Consumer Staples	18%	8%	11.6%	2.1%	7.2%	1.3%
Telecomm. Services	9%	6%	8.5%	0.8%	4.1%	0.4%
Health Care	17%	5%	5.4%	0.9%	1.0%	0.2%
Utilities	8%	4%	15.8%	1.3%	11.4%	0.9%
Financials	25%	3%	-20.8%	-5.2%	-25.2%	-6.3%
Energy	10%	1%	32.4%	3.2%	28.0%	2.8%
			8.8%	**3.1%**	**4.4%**	**-0.8%**
			(average)	(sum)	(average)	(sum)
S&P 500			**4.4%**			
Sectors Under-Weighted						
Materials	1%	-2%	20.0%	0.2%	15.6%	0.2%
Consumer Discretionary	4%	-6%	-14.3%	-0.6%	-18.7%	-0.7%
Industrials	4%	-7%	9.8%	0.4%	5.4%	0.2%
Information Technology	4%	-12%	15.5%	0.6%	11.1%	0.4%
			7.8%	**0.6%**	**3.4%**	**0.1%**
			(average)	(sum)	(average)	(sum)
		Spread: Overweighted vs Underweighted Sectors:	**1.1%**	**2.4%**	**1.1%**	**-0.8%**
		All Sectors:		**3.7%**		**-0.7%**

* "Outlook 2007," January 17, 2007.

Table Five

THE U.S. DOLLAR & COMMODITIES

IFI Forecasts versus Actual Results, Dec. 2006 to Dec. 2007

	% Changes in 2007		Directionally
U.S. Dollar in Foreign Exchange	**Forecasted**	**Actual**	**Correct?**
in Euro	5.8%	-9.3%	no
in JapaneseYen	8.3%	-4.2%	no
in Swiss Franc	7.0%	-5.8%	no
in British Pound	4.8%	-2.6%	no
in Canadian Dollar	3.5%	-13.1%	no
in Australian Dollar	3.3%	-9.9%	no
in Mexican Peso	5.9%	0.9%	yes
in Brazilian Real	9.4%	-16.9%	no
	% Changes in 2007		**Directionally**
Broad Commodity Indexes	**Forecasted**	**Actual**	**Correct?**
CRB Index: Spot Prices (All Commodities)	-3.7%	17.1%	no
CRB Index: Futures Prices (All Commodities)	-3.3%	17.9%	no
CRB Index: Precious Metals	-2.9%	23.1%	no
CRB Index: Base Metals	-6.5%	25.1%	no
CRB Index: Energy Products	-14.7%	26.5%	no
CRB Index: Agricultural Goods	3.3%	22.1%	yes
Goldman Sachs Commodity Index (Spot)	-11.1%	32.8%	no
	% Changes in 2007		**Directionally**
Specific Commodities	**Forecasted**	**Actual**	**Correct?**
Aluminum	-4.5%	-15.4%	yes
Coal	-9.4%	29.0%	no
Cocoa	1.7%	25.5%	yes
Coffee	3.4%	3.7%	yes
Copper	-13.2%	2.1%	no
Corn	2.9%	13.8%	yes
Cotton	5.5%	19.5%	yes
Crude Oil	-14.8%	47.7%	no
Electricity	-10.2%	9.0%	no
Gasoline	-13.5%	42.8%	no
Gold	-1.5%	27.5%	no
Heating Oil	-13.4%	49.4%	no
Lead	-5.4%	56.2%	no
Lean Hogs	4.9%	-4.8%	no
Live Cattle	6.6%	6.3%	yes
Natural Gas	-21.4%	1.3%	no
Nickel	-3.2%	-23.7%	yes
Oats	3.6%	9.4%	yes
Orange Juice	2.0%	-28.2%	no
Palladium	-1.5%	7.8%	no
Platinum	-2.6%	31.1%	no
Silver	-6.0%	6.8%	no
Soybeans	2.2%	71.9%	yes
Steel	-5.6%	-1.1%	yes
Sugar	3.2%	-12.0%	no
Tin	-6.4%	47.7%	no
Wheat	0.3%	85.3%	yes
Zinc	-7.0%	-44.9%	yes

Table Six

U.S. MONEY MARKET & FIXED INCOME

IFI Forecasts versus Actual Results, Dec. 2006 to Dec. 2007

U.S. Treasury Yield Curve	Yield Levels (averages in %) Actual Dec 06	Forecast Jun 07	Forecast Dec 07	Actual Dec 07	Forecasted Change in 2007 (bps)	Actual Change in 2007 (bps)	Directionally Correct?
Fed Funds Rate	5.25	5.00	4.25	4.24	-100	-101	yes
3 mo. T-Bill Rate	4.97	4.74	4.15	3.07	-82	-190	yes
2 yr. T-Note Yield	4.67	4.49	4.24	3.12	-43	-155	yes
5 yr. T-Note Yield	4.53	4.39	4.33	3.49	-20	-104	yes
10 yr. T-Bond Yield	4.56	4.45	4.36	4.10	-20	-46	yes
30 yr. T-Bond Yield	4.68	4.55	4.43	4.52	-25	-16	yes
				Total Return on T-Bonds:	7.30%	9.88%	yes
				Relative Total Return, T-Bonds vs. T-Bills:	2.70%	5.24%	yes

U.S. Corporate Bond Yields (%)	Yield Levels (averages in %) Actual Dec 06	Forecast Jun 07	Forecast Dec 07	Actual Dec 07	Forecasted Change in 2007 (bps)	Actual Change in 2007 (bps)	Directionally Correct?
Non-Investment Grade	7.56	7.65	7.95	9.40	39	184	yes
Investment-Grade (Baa-rated)	6.22	6.25	6.35	6.65	13	43	yes
Investment-Grade (Aaa-rated)	5.30	5.30	5.32	5.49	2	19	yes
U.S. Corp. Yield Spreads to 10-yr T-Bond (bps)							
Non-Investment Grade	300	320	359	530	59	230	yes
Investment-Grade (Baa-rated)	166	180	199	255	33	89	yes
Investment-Grade (Aaa-rated)	76	85	96	139	20	63	yes

Table Seven

U.S. EQUITIES & SECTOR ROTATION

IFI Forecasts versus Actual Results, Dec. 2006 to Dec. 2007

U.S. Equities and Style Bets	% Changes in 2007 Forecasted	Actual	Directionally Correct?
DJIA 30	-5.9%	8.3%	no
NASDAQ Composite	-10.2%	9.4%	no
Large-Cap (S&P 500)	-5.6%	4.4%	no
Large-Cap Value (S&P 500/BARRA)	-5.7%	2.5%	no
Large-Cap Growth (S&P 500/BARRA)	-4.8%	8.5%	no
Large-Cap Value vs Large-Cap Growth (% pts)	-0.9%	-6.0%	yes
Super-Cap (S&P 100)	-3.9%	5.1%	no
Small-Cap (S&P 600)	-4.2%	-0.9%	yes
Small-Cap Value (S&P 600/BARRA)	-6.2%	-5.6%	yes
Small-Cap Growth (S&P 600/BARRA)	-2.5%	5.3%	yes
Small-Cap Value vs Small-Cap Growth (% pts)	-3.7%	-10.9%	yes
Small-Cap (Russell 2000)	-7.3%	-2.4%	yes
Large-Cap vs. Small Cap (% pts)	1.7%	6.8%	yes
S&P 500 Sectors: Absolute Change (%)	**Forecasted**	**Actual**	**Directionally Correct?**
Consumer Discretionary	-12.4%	-12.3%	yes
Consumer Staples	3.9%	13.2%	yes
Energy	-5.9%	26.8%	no
Financials	-1.1%	-18.2%	yes
Health Care	2.9%	8.0%	yes
Industrials	-13.9%	10.5%	no
Information Technology	-16.4%	15.0%	no
Materials	-11.7%	19.7%	no
Telecommunications Services	3.2%	10.1%	yes
Utilities	2.7%	17.3%	yes
S&P 500 Sectors: Change versus S&P 500 (% pts)	**Forecasted**	**Actual**	**Directionally Correct?**
Consumer Discretionary	-6.8%	-16.7%	yes
Consumer Staples	9.5%	8.8%	yes
Energy	-0.3%	22.4%	no
Financials	4.5%	-22.6%	no
Health Care	8.5%	3.6%	yes
Industrials	-8.3%	6.1%	no
Information Technology	-10.8%	10.6%	no
Materials	-6.1%	15.3%	no
Telecommunications Services	8.8%	5.7%	yes
Utilities	8.4%	12.9%	yes

Table Eight

IINTERNATIONAL MARKETS

IFI Forecasts versus Actual Results, Dec. 2006 to Dec. 2007

	% Changes in 2007		Directionally
Foreign Currencies vs the U.S.$	**Forecasted**	**Actual**	**Correct?**
Euro	-5.5%	10.3%	Table Five
JapaneseYen	-7.6%	4.4%	Table Five
Swiss Franc	-6.6%	6.1%	Table Five
British Pound	-4.6%	2.7%	Table Five
Canadian Dollar	-3.4%	15.1%	Table Five
Australian Dollar	-3.2%	10.9%	Table Five
Mexican Peso	-5.6%	0.1%	Table Five
Brazilian Real	-8.6%	20.3%	Table Five
Foreign Government Bond Yields	**Changes in bps**		
Germany	-23	53	no
Japan	-10	-17	yes
Switzerland	-19	54	no
Britain	-20	-2	yes
Canada	-28	-3	yes
Australia	-30	48	no
Mexico	4	45	yes
Brazil	17	-74	no
Foreign Equities: Broad [ETF Symbols]	**Changes in %**		
EAFE [EFA]	-5.8%	12.5%	no
Asia-Pacific ex-Japan [ADRA]	-9.6%	11.3%	no
Europe ex-Britain [IEV]	-2.7%	12.8%	no
Americas ex-Canada [ILF]	-5.8%	53.8%	no
Foreign Equities: Asia-Pacific [ETF Symbols]	**Changes in %**		
Australia [EWA]	-7.0%	29.2%	no
Hong Kong [EWH]	-10.0%	41.7%	no
Japan [ITF]	-11.0%	-2.6%	yes
Malaysia [EWM]	-8.5%	40.1%	no
Singapore [EWS]	-9.3%	27.5%	no
South Korea [EWY]	-12.5%	33.2%	no
Taiwan [EWT]	-10.3%	-2.2%	yes
Foreign Equities: Europe [ETF Symbols]	**Changes in %**		
Austria [EWO]	-3.0%	-1.2%	yes
Britain [EWU]	-4.5%	6.7%	no
France [EWQ]	-2.0%	13.5%	no
Germany [EWG]	-3.3%	32.8%	no
Italy [EWI]	-0.1%	-3.1%	yes
Netherlands [EWN]	3.5%	18.9%	yes
Spain [EWP]	-7.1%	23.4%	no
Sweden [EWD]	-9.0%	-1.1%	yes
Switzerland [EWL]	-0.6%	7.3%	no
Foreign Equities: Americas [ETF Symbols]	**Changes in %**		
Canada [EWC]	-4.6%	24.1%	no
Brazil [EWZ]	-5.6%	78.6%	no
Mexico [EWW]	-6.1%	16.9%	no

Table Nine

IFI's Forecasts for 2007 Compared to Wall Street Strategists

Source: "Outlook 2007," Barron's, December 11, 2006, p.37

		S&P 500 Price Index		
Forecaster/Firm	Actual Dec. 2006	Forecasted Dec. 2007	Forecasted % Change	Actual % Change
Ed Keon/Prudential Securities		1,600	13.0%	
Abby Joseph Cohen/Goldman Sachs		1,550	9.5%	
Francois Trahan/Bear Stearns		1,550	9.5%	
Binky Chadha/Deutsche Bank		1,540	8.8%	
Henry McVey/Morgan Stanley		1,525	7.7%	
Tobias Levkovich/Citigroup		1,500	5.9%	
Michael Ryan/UBS		1,500	5.9%	
S&P 500 Price Index (actual)	**1,416**	**1,479**		**4.4%**
Thomas McManus/Bank of America		1,465	3.5%	
Abhijit Chakrabortii/J.P. Morgan		1,440	1.7%	
Richard Salsman/InterMarket Forecasting		**1,337**	**-5.6%**	
		S&P 500 Earnings per share		
Forecaster/Firm	Actual Dec. 2006	Forecasted Dec. 2007	Forecasted % Change	Actual % Change
Ed Keon/Prudential Securities		88.7	9%	
Binky Chadha/Deutsche Bank		88.7	9%	
Tobias Levkovich/Citigroup		87.1	7%	
Abby Joseph Cohen/Goldman Sachs		86.3	6%	
Henry McVey/Morgan Stanley		85.4	5%	
Thomas McManus/Bank of America		85.4	5%	
Francois Trahan/Bear Stearns		84.6	4%	
Michael Ryan/UBS		84.6	4%	
Richard Salsman/InterMarket Forecasting		84.6	**4%**	
Abhijit Chakrabortii/J.P. Morgan		83.8	3%	
S&P 500 EPS (actual - Full Year)	**81.5**	**66.4**		**-18.6%**
		10-Year U.S. Treasury Bond Yield		
Forecaster/Firm	Actual Dec. 2006	Forecasted Dec. 2007	Forecasted Change (bps)	Actual Change (bps)
Abhijit Chakrabortii/J.P. Morgan		5.75%	119	
Michael Ryan/UBS		5.10%	54	
Ed Keon/Prudential Securities		5.10%	54	
Francois Trahan/Bear Stearns		5.00%	44	
Binky Chadha/Deutsche Bank		5.00%	44	
Tobias Levkovich/Citigroup		4.95%	39	
Thomas McManus/Bank of America		4.85%	29	
Henry McVey/Morgan Stanley		4.75%	19	
Abby Joseph Cohen/Goldman Sachs		4.50%	-6	
Richard Salsman/InterMarket Forecasting		4.36%	**-20**	
10-Year U.S. Treasury Bond Yield (actual)	**4.56%**	**4.36%**		**-20**
		Overnight Federal Funds Rate		
Forecaster/Firm	Actual Dec. 2006	Forecasted Dec. 2007	Forecasted Change (bps)	Actual Change (bps)
Abhijit Chakrabortii/J.P. Morgan		5.75%	50	
Binky Chadha/Deutsche Bank		5.00%	-25	
Tobias Levkovich/Citigroup		5.00%	-25	
Henry McVey/Morgan Stanley		5.00%	-25	
Thomas McManus/Bank of America		5.00%	-25	
Ed Keon/Prudential Securities		4.75%	-50	
Francois Trahan/Bear Stearns		4.75%	-50	
Richard Salsman/InterMarket Forecasting		4.25%	**-100**	
Overnight Federal Funds Rate (actual)	**5.25%**	**4.25%**		**-100**
Abby Joseph Cohen/Goldman Sachs		4.00%	-125	
Michael Ryan/UBS		4.00%	-125	

Appendix

IFI Research Reports in 2007

1. "The Signaling Power of Stock Rallies Amid Early-Phase Yield-Curve Inversions," *Investment Focus*, January 10, 2007.
2. **"Outlook 2007," January 17, 2007.**
3. "Track Record 2006," January 24, 2007.
4. "The Policy Mix Index: The Bearish Tilt of Washington's Surge and Splurge," *The Capitalist Advisor*, January 31, 2007.
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8. ***The InterMarket Forecaster*, February 28, 2007.**
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11. "Will Mortgage Market Turmoil Hurt Mortgage-Backed Securities?" *Investment Focus*, March 19, 2007.
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14. "Should Equity Investors Be Encouraged by a Low Jobless Rate?" *Investment Focus*, April 9, 2007.
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23. "When Energy Stocks Lead the Way," *Investor Alert*, June 22, 2007.
24. ***The InterMarket Forecaster*, June 30, 2007.**

Appendix (continued)

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25. "Inflated Profit Expectations," *Investor Alert*, July 10, 2007.

26. "The Path to Censorship and Martial Law in America," *The Capitalist Advisor*, July 16, 2007.

27. "The Fed Downgrades Growth – Just Like the Last Recession," *Investor Alert*, July 20, 2007.

28. ***The InterMarket Forecaster*, July 31, 2007.**

29. "When the Financial Sector Falters," *Investor Alert*, August 6, 2007.

30. "The Quiddity of Liquidity," *Investor Alert*, August 13, 2007.

31. "Can Junk Bonds Get . . . Junkier?" *Investment Focus*, August 20, 2007.

32. ***The InterMarket Forecaster*, August 28, 2007.**

33. "The Race to Hoard T-Bills – and What It Means for Stocks," *Investor Alert*, September 7, 2007.

34. "When 'Corrections' Degenerate Into 'Bear Markets,'" *Investment Focus*, September 18, 2007.

35. ***The InterMarket Forecaster*, September 24, 2007.**

36. "The Dollar in Debasement," *Investor Alert*, September 28, 2007.

37. "Rising Unemployment Isn't Bullish for Stocks," *Investor Alert*, October 5, 2007.

38. "The Greatest Story Ever Told," *The Capitalist Advisor*, October 10, 2007.

39. "From Bad to Worse on Profits and Equities," *Investor Alert*, October 22, 2007.

40. ***The InterMarket Forecaster*, October 29, 2007.**

41. "Gold and Equities," *Investment Focus*, November 5, 2007.

42. "Junk Bonds and Real Yields Head South," *Investor Alert*, November 12, 2007.

43. ***The InterMarket Forecaster*, November 21, 2007.**

44. "The Myth of Bullish Rate-Cutting," *Investor Alert*, November 30, 2007.

45. "As Growth Slows, Will the Commodity-Price Boom Abate?" *Investment Focus*, December 3, 2007.

46. "Price Controls on Mortgage Rates," *The Capitalist Advisor*, December 10, 2007.

47. "The Coming Bottom in U.S. Interest Rates," *Investor Alert*, December 17, 2007.

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