Winterize Your Portfolio

Healthcare – Major Manufacturers
Mark Schwartz

Based on the forecast of three of the major healthcare manufacturers (Glaxosmithkline, Johnson and Johns DC, and Eli Lilly), it is expected that stock prices within this industry will decline slightly by 6% on average by February 2006. This short term decrease can be attributed to recent public chastising of such drugs as Vioxx, which has lead to consumer distrust in innovative drug products. With this in mind, investors are advised not to invest in healthcare manufacturers for short term gains.

Energy Investment
Natalie Bystry

Energy prices and energy stocks have risen rapidly since hurricanes Katrina and Rita. Exxon Mobil, Chevron, and Conoco Phillips were used as proxies for the energy industry. Based on the forecasts of these three energy companies, it is expected that energy prices will increase by $1-$2 over the next quarter from its current industry price of $59.92. For those investors that sold energy stocks prematurely or never entered the market, you've been given a second chance.

Energy sales and earnings are still in an upward trend even though stock prices are lagging. Energy stocks are still undervalued by the stock markets, making them relatively cheap. The global supply and demand for energy is not going to diminish. The recent supply deficit resulting from hurricanes Katrina and Rita, is expected to cause energy prices to increase over the long run. Investors are advised to buy energy stocks now while the prices are still low and hold onto this investment for the long term.

Dollar Vs. Pound
Hartley Carlson

Following a peak in the start of 2005, the exchange rate between the US dollar and the British pound has fluctuated around 1.8 over the past six months. The strength of the pound has made traveling to and exporting from the United Kingdom difficult for Americans. Further, above target inflation in the U.S. has impacted market expectations recently, giving the British pound a slight boost. Forecasts show that the exchange rate between these two countries is going to steadily increase over the coming months, and within a year will be back up around 1.86.

Based on this forecast, Americans who are making plans to visit the UK over the coming months should exchange currency now. With this steady increase in the exchange, traveling overseas as well as general tourist costs using the American dollar are going to increase. Act now and save money!

Dollar Vs. Euro
Jessica Pendergraph

The dollar has been gaining strength against the euro after hitting a peak of 1.32 in January of 2005. This growth can be accredited to the continual rise in US interest rates and stability in European interest rates, making the US dollar a more attractive for investors. Our forecast shows no signs of the dollar weakening against the euro in the future months. We expect the October rate of 1.20 to decrease to 1.19 in November and December. We forecast another decrease in January and February to 1.18 and 1.17, respectively. Because we predict the dollar to become more expensive we suggest investors be cautious of companies who heavily export to Europe. However, the currency market is historically volatile and only the more aggressive investors are encouraged to invest in the US dollar.

However, with the aging of the Baby Boomer generation and a trend in the increase of research and development within the healthcare manufacturing industry, investors should look to purchase stock in this industry as a long term investment. Also, healthcare manufacturing companies have shown a consistent non-volatile trend in their stock prices, and investors should look to add this historically stable stock in order to smooth their investment portfolio.