

FOR IMMEDIATE RELEASE

January 23, 2002 -- David L. Smith keynotes Ohio-Michigan Equipment Dealers Association annual conference in Columbus, OH. (From OMEDA March 2002 Newsletter)

Economist and Futurist David L. Smith presented “The 21st Century Economy: What’s in Store for Us?” with penetrating insights into the aftermath of September 11, 2001; the U.S., Ohio and Michigan economic and financial outlook; equipment industry indicators and Wall Street’s view of key publicly traded companies in the industry. Mr. Smith economic outlook was somewhat more cautious than the majority of mainstream economists, who expect a prompt return to fairly strong growth in 2002.

He warned that economic growth could be stifled by “imbalances” in the economy -- including excessive money supply growth since 1997, high levels of personal and corporate debt, and a return to federal deficit spending – all of which have tended to keep long-term interest rates up, despite significant declines in short-term rates. Mr. Smith observed: “The split between short- and long-term rates has tended to render attempts at monetary stimulus ineffectual: ‘sticky’ long-term rates have discouraged borrowing and spending, while low short-term rates have depressed the income, and, therefore the spending of those who hold money-market instruments. In effect, the Federal Reserve Bank is attempting to get up off the floor while stepping on its tie.” He also expressed concern about overvaluation in the stock market and the dollar, as well as growing dependency on imported oil as potential sources of economic trouble. However, pointing out that the Chinese word for “crisis” is a combination of the symbols for “danger” and “opportunity,” Mr. Smith offered a list of opportunities available for each of the crisis scenarios he described.

He then summarized the appraisal of the current Ohio and Michigan state economic situation from the Federal Reserve Bank’s “beige book,” in which “cautious optimism” was expressed for the “soft” regional economy, followed by state economic forecasts from the PNC Bank and University of Michigan anticipating recovery in the second half of 2002. Mr. Smith then concluded his presentation with a summary of key indicators affecting the agricultural, lawn and garden and construction equipment industries, and a discussion of stock price, earnings and dividend trends within the equipment industry.

Members attending the presentation were impressed by the depth and breadth of the material covered, finding it useful in understanding the economic forces affecting their business and helping them to map out their business plans.