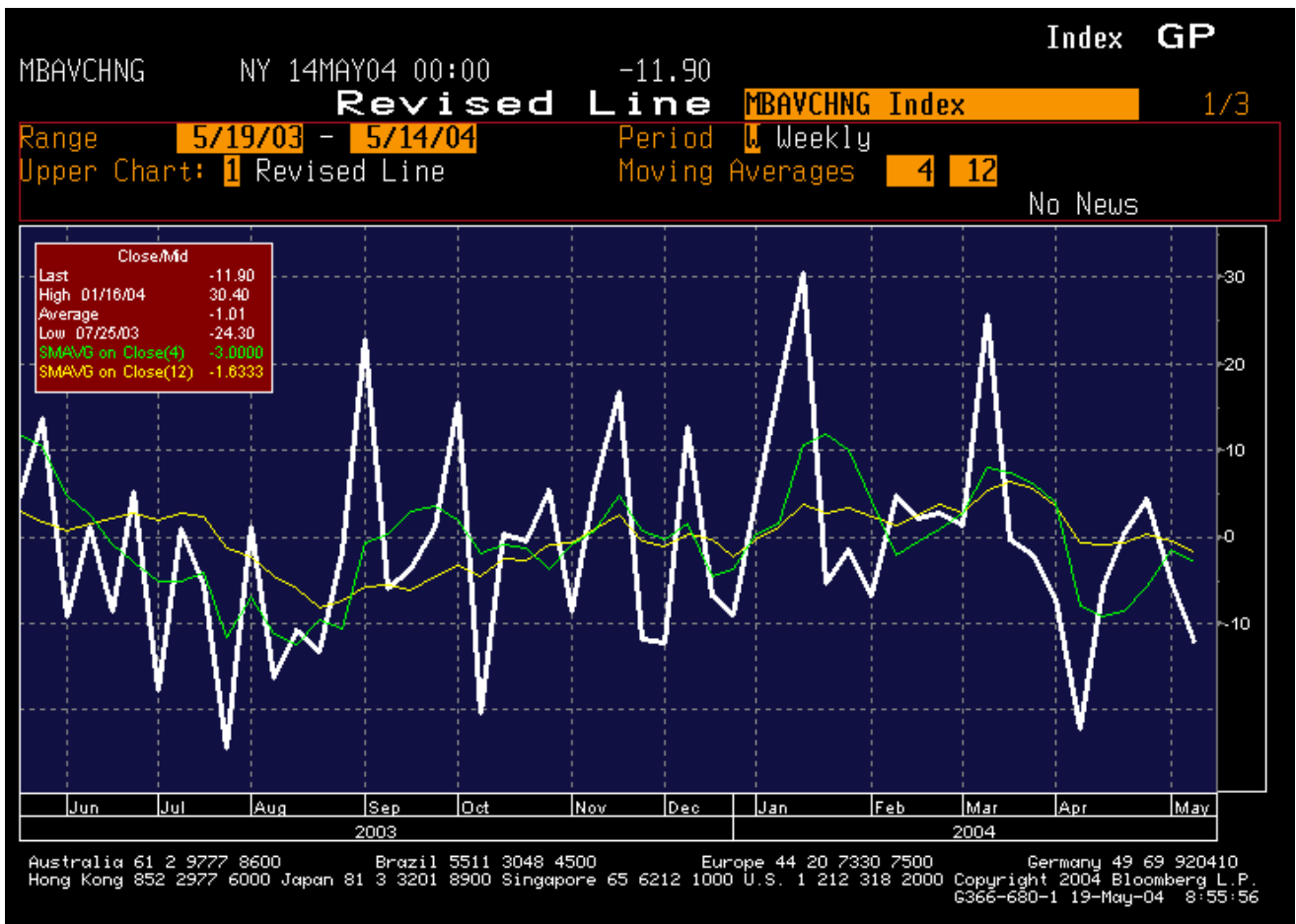




## Monetary Commentary

1. Broaddus (retiring chief of Richmond Fed) speech suggests that the issue for the Fed is one of surprise...where inflation runs ahead of Fed's projected numbers. Interesting that Broaddus who last year spoke of 'deflation,' is now worrying about the reverse.
2. Santomero (Philly Fed) repeated his speech of a week ago to a different group on the fact the Fed could take a "measured pace." Measured is the new Mantra.
3. Greenspan appointed to new term (subject Congressional Confirmation) for four years as Fed Chief. He may not serve out the term and he is limited to serve to 2006 with the exception that he could serve until the next Chairman is appointed.
4. MBA apps are showing a pattern since the first of the year of lower highs and lower lows.





# ECOMENTARY™

The interesting question is whether in next few weeks the data will produce lower low (as compared to first week April).

6. two day rally on the Nikkei and the retracement in the Bombay exchange may bring in emerging market spreads from their previous widening?

7. We note that the ISI lead this morning is flattening of their survey data---remember how markets influence managers?





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**SENSEX ↓5006.10 +129.08**

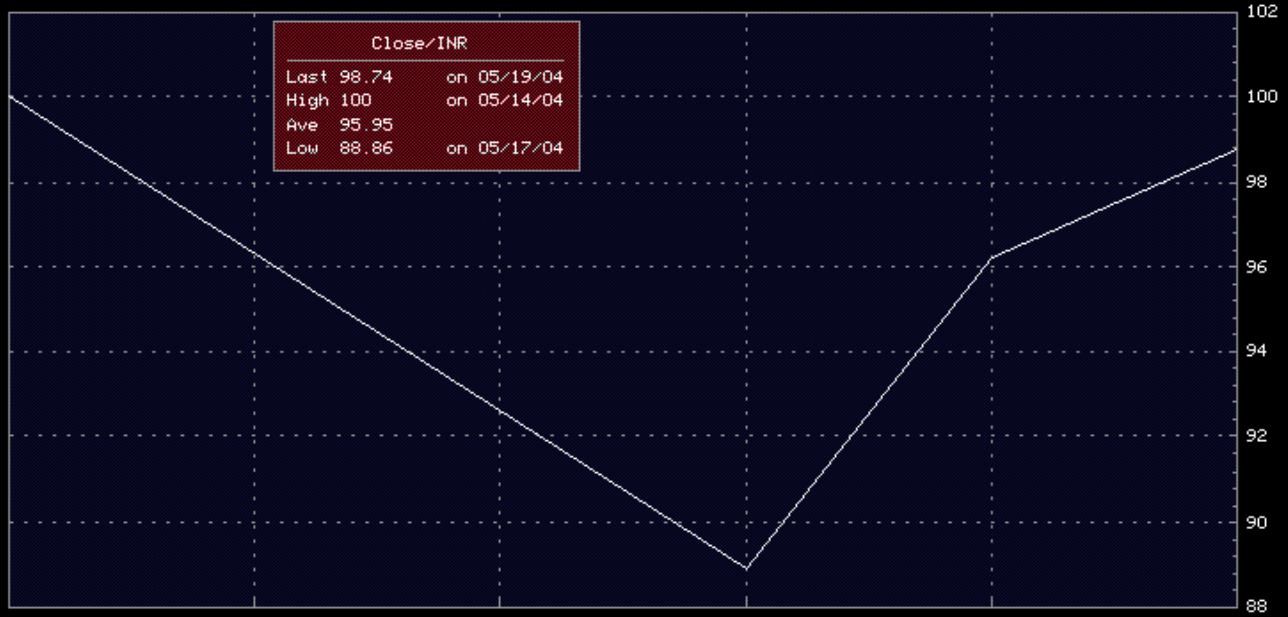
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**RELATIVE PERCENT GRAPH** for SENSEX - MUMBAI SENSEX 30 INDEX

5/14/04 - 5/19/04 Period **D** Daily

**INR**



15MAY04 16 17 18 19  
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