

NASDAQ MARKET VALUES

52 Weeks		YTD		Vol		ML		Lo		Close		Net	
Hi	Lo	Stock	Swm	Div	%	PE	Ratio	ML	Lo	Close	Chg	52 Weeks	Stock
25%	18%	JD Capital	JCAP	2.30	11.8	-	279	71	20%	21	+ 1/4	7 1/2	7 1/2
35	5 1/2	JD StarCap	JCAS	-	-	66	196	19%	17%	17%	- 1/4	14 1/2	14 1/2
48%	10%	JD Swarth	JDEC	-	-	66	120	42	30%	11%	+ 1/4	17 1/2	17 1/2
12%	12%	JD Capital	JDCU	-	-	66	100	132	100%	100%	+ 3/4	18	18
25%	2 1/2	JMCO	JML	-	-	66	130	4%	3%	4%	+ 1/4	23	23
5%	2 1/2	JLN Ind	JMI	-	-	66	735	5	3%	4%	+ 1/4	8	8
22%	1 1/2	JMAR	JMR	-	-	66	213	15%	14%	14%	- 1/4	19%	19%
114%	38%	JNI Cp	JNC	-	-	32	12	88%	58	58%	+ 2 1/2	21	21
11%	5 1/2	JPC	JPC	-	-	13	540	9%	9	9	- 1/4	17 1/2	17 1/2
		JST	JST	-	-	66	25	3%	3%	3%	+ 1/4	9 1/2	9 1/2



The regional economy: building a solid foundation *for the* future

The Tenth District economy kept up a steady pace in 1999, avoiding setbacks that many believed were sure to come from the Asian crisis and the century date change.

Construction activity set a new record, productivity gains boosted factory output, and strong consumer demand kept district retailers busy. Meanwhile, government subsidies cushioned the blow from low crop prices, and rising oil and gas prices helped revive the energy industry.

Despite these gains, the district economy still faces serious challenges as the new century begins, not the least of which will be coping with a growing shortage of workers.

Economic threats in 1999

As 1999 began, three issues threatened to slow growth in the Tenth District: turmoil in Asian economies, the countdown to Y2K, and the tightest labor markets in decades.

The Asian crisis and the century date change turned out to be far less troublesome than feared. The Asian economies turned the corner on their economic woes, limiting the decline in district exports. Meanwhile, the only ill effects from Y2K surfaced in the computer software industry, where firms reported a temporary slowdown in sales in the second half of the year, a trend that is expected to be reversed in early 2000.

While most district businesses were able to shake off the "Asian flu" of 1998 and prevent Y2K computer glitches, it was more difficult for many industries to hide from the region's dire shortage of workers. Many area firms had trouble finding workers and keeping jobs filled in 1999. All kinds of workers proved to be elusive, especially skilled building craftsmen, information technology specialists, and entry-level retail workers.

As a result, district unemployment averaged 3.4 percent for the year, well below the national rate. Unemployment in most district states also fell faster than the national average, meaning the pool of available workers became relatively tighter.

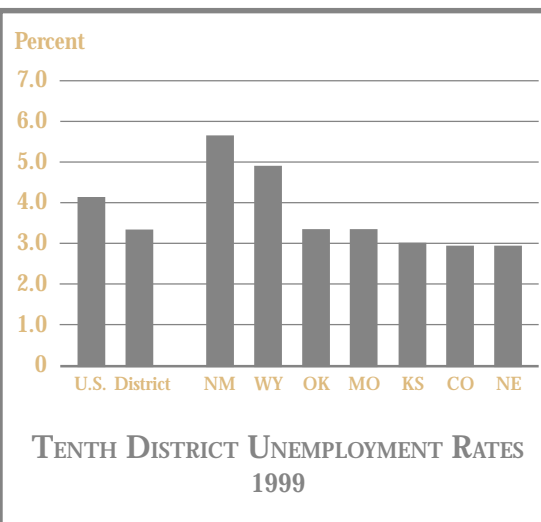
While the squeeze on labor markets had surprisingly little effect on wage and price inflation, it did keep many firms from expanding payrolls. Job growth in the district measured just 1.8 percent for the year, following growth of at least 2.4 percent in each of the last six years. In contrast, national job growth was similar to the 1992-1998 annual average of 2.3 percent.

A solid year overall

Worker shortages aside, most economic sectors of the district fared well in 1999.

Consumer spending remained strong throughout most of the year, especially during the holiday season, when retailers posted their largest gains in recent memory.

Manufacturing activity in the region remained solid. The number of factory jobs slipped, as it did in the nation, but output continued to grow as productivity improved.



Residential construction slowed somewhat during the year but remained exceptionally strong. Home sales began to slide about the same time mortgage rates turned upward. Still, housing inventories remained lean and home prices continued to rise, suggesting that some of the slowdown in sales was due to lack of housing supply rather than weak demand. Consistent with this view, many builders



reported the completion of new homes was delayed because of labor and material shortages.

Commercial real estate also stayed healthy in 1999. Office vacancy rates edged up because of a surge in construction early in the year, but fears about overbuilding eased as construction cooled in the second half of the year.

Higher oil and gas prices helped energy activity to rebound. By year's end, the rig count in the district had more than doubled from the March low. Most of the increased drilling was for natural gas, as uncertainty about OPEC actions discouraged new investment in oil extraction.

District agriculture had a trying year but remained far better off than during the farm crisis of the 1980s. Crop prices in 1999 remained low, as foreign demand was too sluggish to absorb bountiful harvests at home and abroad. The blow to district farmers was cushioned, however, by another round of generous government subsidies. Meanwhile, low feed costs and rising cattle prices boosted livestock profits. Overall, district farm income actually improved for the year, and farm balance sheets stayed relatively healthy.

The future looks bright

The regional economy is based on more solid footing than it was during the last economic boom in the early 1980s—primarily because it has avoided the excesses of that period.

Lenders are generally more cautious. Property prices have stayed at realistic heights. And, the district economy is more diversified and less dependent on energy and agriculture than in the past.

Still, challenges remain

While the region has built a solid foundation for future economic growth, several issues may continue to perplex businesses and policymakers in the years ahead.

In parts of the district, much of the recent growth in employment has been in low-paying jobs, keeping some states from raising their per capita incomes to the national average.

Elsewhere, firms have recruited well-paid professionals from other states, but this inflow has driven up the cost of local services, causing affordability problems for low-income residents.

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national average.

Meanwhile, fast-growing areas of the district face the dilemma of maintaining economic growth without jeopardizing local amenities.

Finally, with labor in such tight supply, district firms must continue to make workers more productive. Replacing labor with capital is one way — for example, some supermarkets have replaced cashiers with self-service check-out lines. Other ways include putting more resources into training and working with local schools to improve education.

Meeting these challenges of rapid economic growth will not be easy. But it seems a small price to pay for the exceptional prosperity the district economy has enjoyed during the last decade.

