



SILVERCREST
ASSET MANAGEMENT GROUP

SILVERCREST ECONOMIC & MARKET PERSPECTIVE

MAY, 2004

SUMMARY

- The U.S. economy is strong and the economic recovery appears to have staying power.
- We forecast continued revenue and profit growth for the S&P 500 companies which should generate double-digit returns within the next twelve months.
- The rise in oil prices will reduce consumer spending and somewhat restrain economic growth but should not disrupt it.
- While the geopolitical fallout from Iraq is difficult to predict, the economic impact is not: the war's \$400 billion price tag is providing significant stimulus to an already expanding GDP.
- Interest rates will continue to rise—we expect to see the 10-year Treasury near 6% by late 2005—but should still leave room for stock prices to advance.



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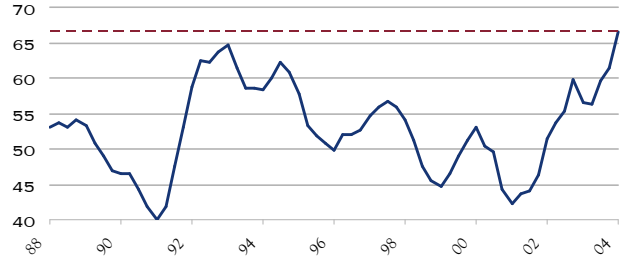
U.S. LEADING INDICATORS
% YoY Apr: 4%



Source: The Conference Board

Leading economic indicators have recorded their strongest year-over-year gain in two decades.

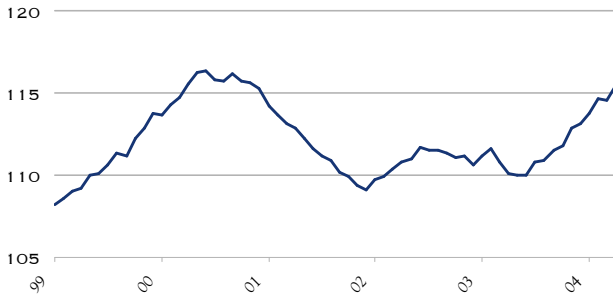
U.S. BUSINESS CONFIDENCE
4-Quarter Avg. 1Q'04: 73



Source: The Conference Board

The U.S. Business Confidence Index is at its highest level in more than 20 years.

U.S. INDUSTRIAL PRODUCTION
4-Week Avg. Apr 1: 115.42



Source: Federal Reserve Board

Industrial Production has rebounded sharply since mid-2003; manufacturing is now in a significant upturn.

U.S. TRADE-WEIGHTED DOLLAR
3-Month Avg. Apr: 93.6



Source: J.P. Morgan

The dollar's dramatic decline is bad news for American tourists and for U.S. importers but . . . (next page, please)



GOODS EXPORTS AND MANUFACTURING EMPLOYMENT

% YoY 3-Month Avg.

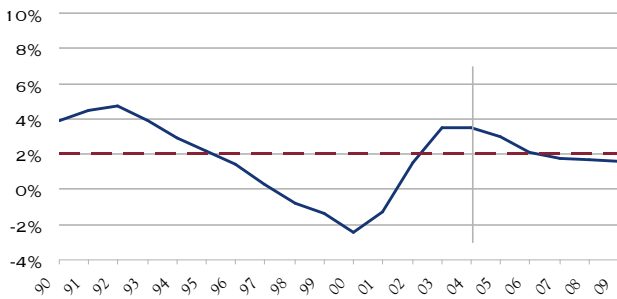


Sources: U.S. Dept. Commerce
U.S. Dept. Labor

... it is good news for U.S. exporters, whose businesses are booming. Manufacturing job growth is following the increase in exports.

U.S. FEDERAL BUDGET DEFICIT

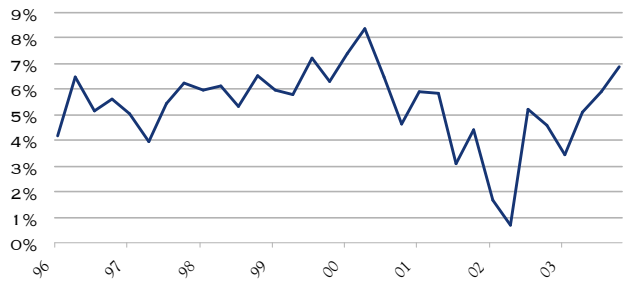
% GDP Annual



Source: Congressional Budget Office

STATE & LOCAL TAX RECEIPTS

4Q '03: +7.2%



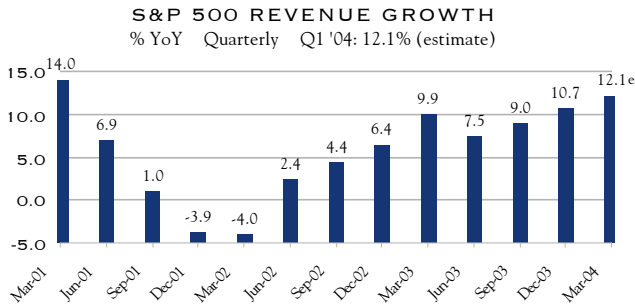
Source: U.S. Dept. Commerce

The Federal budget deficit appears to have peaked and should return to its historical median of 2.2% of GDP.

State and local governments report a dramatic rebound in revenues due to improved business conditions.

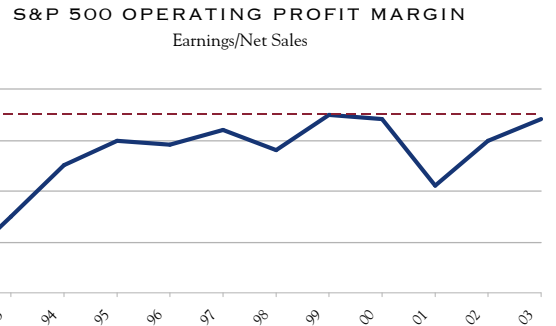


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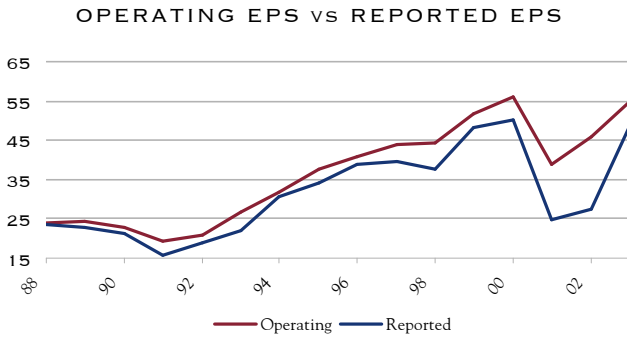
Source: Standard & Poor's

Recent acceleration in revenue growth provides fuel for further increase in profits.



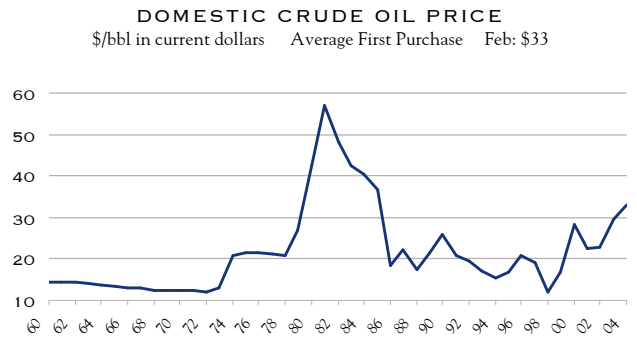
Source: Standard & Poor's

Operating profit margins for S&P 500 companies reached a new high in 4Q 2003.



Source: Standard & Poor's

The quality of reported earnings has greatly improved.



Source: U.S. Dept. Energy

Oil prices are high, but they have been a lot higher.

