

Interim Market Update



Central Plains Advisors, Inc. • 9415 E. Harry Ste 201 Wichita ,KS 67207 • Economic Consulting & Investment Management

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An Opportunity of a Lifetime?

Every once in a while the stars get aligned just right and one gets to witness just the opposite of the preverbal “perfect storm.” Such is the case with long-term treasuries as of the close of business 1/27/06. Here is the story in three parts (Get your pocket book out and participate).

1. Primary dealers decided during last week that they needed to obtain better yields in order to sell the \$100B+ US treasuries coming to market over the next 10 days. What do they do when that is the consensus opinion? – They sell US treasuries short in order to hedge their take down of new issues that they are obligated to take under their contract with the treasury. This takes “the market” out of the underwriting and leaves them their normal commission if they are perfectly hedged.
2. The market, it is said, was “spooked” by the durable goods order announced last Thursday. It was stronger than expected. So what? At this time in a cycle it is the consumer that counts, capital spending is a lagging sector of the economy.
3. The 4th quarter real GDP came out Friday and was 1.1% - a terrible number. Why? The consumer is in the tank. We are facing a recession this year unless we get another tax cut and Bush is having trouble getting congress to extend those already in place. Look out below!

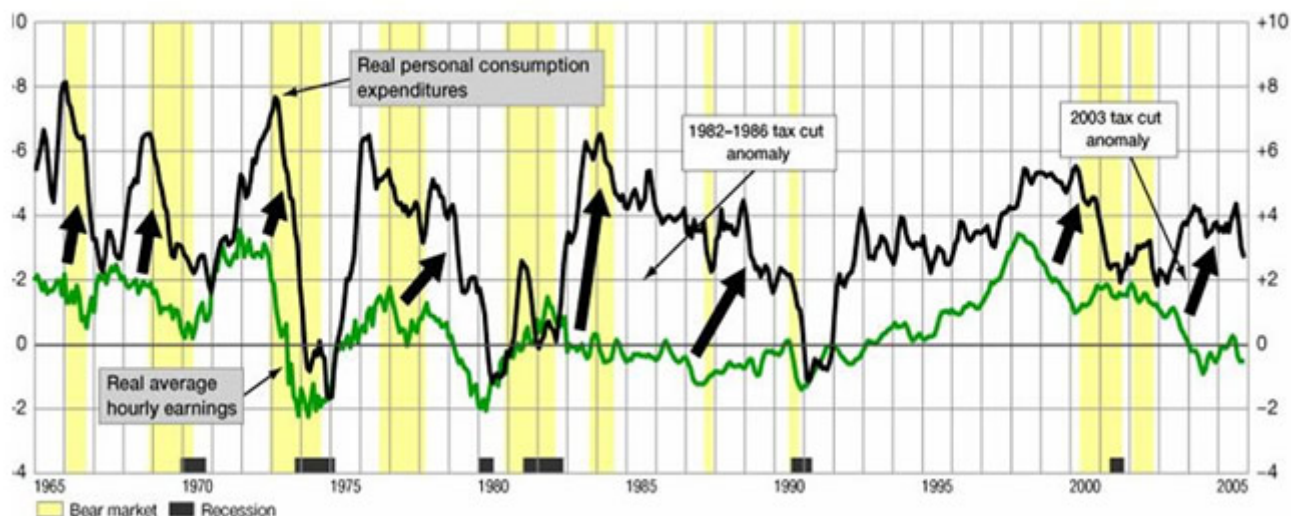
As if the above is not enough, pay attention to the chart we picked off of John Mauldin's E-Mail newsletter Saturday. Real average hourly earning, a subject we have written about time after time, which is negative, is really negative. This is the prime leading indicator to consumer spending – 70% of the economy.

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Figure 10-7: Real hourly earnings: Best leading indicator of real consumer spending (PCE) downturns



CPAI For the 6 years ended 12/31/05 CPAI Performance Net of 2% Fee

Company	Total Return
Bison Bond I	10.10%
S & P 500 Stock Index	*-1.22%

Note: It was June 2000 that CPAI recommended to all equity clients that they liquidate their stock holdings. We suggested they invest the proceeds in Bison Bond I. None of them did and we resigned their accounts.

*S & P 500 number is before any fee.

All the best,



Central Plains Advisors, Inc.

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