
INVESTMENT OUTLOOK: Barry Mendelson

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Barry Mendelson, CIMA

Managing partner

Capital Market Consultants LLC

Milwaukee

Forecast:

Although he thinks the major indexes will finish nearly flat this year, Mr. Mendelson, managing partner at Capital Market Consultants, an independent research firm, is expecting more volatility in the equity markets.

Volatility has been subdued, he said, but issues with the Chinese currency, a new Federal Reserve Board chief, oil and terrorism will change that.

Mr. Mendelson said quality large-cap-growth stocks will be the place to be.

"In the last few months, these stocks have been showing strength," he said. "We don't see the same thing happening in small- or mid-caps."

Mr. Mendelson also thinks Asian companies are better positioned globally than those in Europe where advancement toward a common market has gotten bogged down.

Regarding the bond markets, departing Fed chief Alan Greenspan has given incoming chairman Ben Bernanke "breathing room" so the Fed won't be under pressure to raise rates further, he said.

The finish line, 2006:

- The Dow: 11,304

- The Nasdaq: 2,250
- The S&P: 1,308

Tip sheet:

- Favorite investments: BLDRS Asia 50 ADR Index Fund (ADRA), iShares Russell 1000 Growth Index Fund (IWF)
 - Favorite sectors: U.S. large-cap-core growth, non-Europe international
 - Next big thing: Bernanke becomes Fed chairman.
 - Biggest concern: China floats its currency.
- Dan Jamieson

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