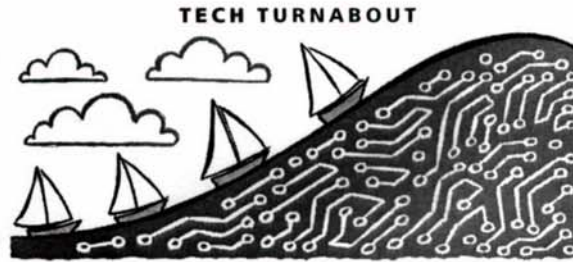




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Treasury and Insiders Are Turned On by Tech

Guess what's primed for takeoff? While investors have pulled the plug on any- and everything tech, corporations are preparing to exhume their checkbooks and write out some big ones for computer equipment and software. So says Richard Clarida, assistant secretary of the Treasury for economic policy, after a careful perusal of the relevant data for June. The numbers also show a pickup in auto sales, and a rise in consumer spending in general, relative to the unmerry month of May.

Clarida and a staff of about 40 economists gather real-time data on a weekly basis for Treasury Secretary Paul O'Neill, in an effort to keep him up-to-date on developments in the economy. The reports, including the latest from Techland, aren't made public, partly to protect time-sensitive sales and earnings data supplied by many companies.

New monthly research by Market Profile Theorems, a Seattle provider of institutional research, also suggests that a tech turnaround is imminent. Michael Painchaud, research director and principal at MPT, describes "an inordinate improvement" in the absolute level of insider buying in the technology sector. "What I'm talking about in tech is dramatic," he says. "It's at an extreme. It's extraordinarily unusual."

The insider-buying model used by MPT recently scored the highest level ever in the 13 years that the firm has been compiling such data. The score, which takes into account such things as insider buying relative to selling, doubled from the previous month. In addition, it contradicts the findings of a model that measures analysts' recommendations of various tech stocks. Among issues showing the biggest increases in insider buying are **Computer Associates, Fair Isaac, McData, MSC Software, Sungard Data Systems, Stericycle and Headwaters**, MPT says.

The first signs of a pickup in software and equipment purchases appeared in the April-May data, says Asha Bangalore, an economist at Northern Trust. The May data showed a hefty 5% increase in purchases of non-defense capital goods, excluding aircraft—proof of a turnaround in the making.

—Jim McTague