

# ECONOMIC UPDATE

*Marine Bank provides quarterly economic updates as a service to its customers. If you would prefer to receive this newsletter electronically, please contact:*

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## About John J. Terril

John "Joe" Terril is the president of Terril & Company, an independent wealth management firm based in St. Louis, Missouri. Terril & Company oversees retirement plans, IRAs and individual investment portfolios for corporate executives, successful professionals, professional athletes, and small business owners. After 27 years in business, an important cornerstone of Terril & Company's philosophy remains ensuring that no conflicts of interest exist between the company and its clients.

Joe Terril and Marine Bank's Annette Piper team up to provide outstanding investment management services with a *personal touch* that is classic Marine. For a free, unbiased and totally objective analysis of how your own assets can be most effectively managed call Annette Piper today at 217.726.0661.

## THE DOLLAR VS. WORLD INTEREST RATES

By John J. Terril

The U.S. economy is improving as we enter the second half of the year. GNP growth should accelerate to 3.5% to 4% by year-end. The world economy continues to do well with Japan and Europe joining the list of countries experiencing moderate growth.

Interest rates are moving higher in most of the world. In the last few weeks, Europe and Canada again raised short-term interest rates. While this world-wide effort is an attempt to slow the rate of inflation, it may hold negative consequences for the United States. Higher interest rates outside the U.S. present an attraction to investors that could cause the U.S. dollar to fall in value relative to the currencies of those countries with higher interest rates.



Lower purchasing power for the dollar could bring higher inflation to the United States. The Federal Reserve Bank is seeking a balance between raising rates to compete with other countries and keeping rates low enough to sustain the vitality of our housing industry. The sub-prime mortgage market is a mess. An increase in interest rates might be the final breaking point for this market. The most important indicator for the balance of 2007 will

be the intentions of the Federal Reserve and interest rate policy.

The U.S. stock market may be the beneficiary of a weak dollar. Our equities appear fairly priced to U.S. investors, but to foreign investors with currencies at all-time high values, our equities look inexpensive. We continue to believe metal prices will stay high. Crop prices are as important this year as they have been in quite some time. We remain bullish on good quality farm ground.

## Trust & Investment Services

Investment Management

Retirement Accounts

Custody of Securities

Trustee Under Will

Estate Services

Living Trusts

Charitable Trusts

## OUR GROWING TEAM BECKY CLAYCOMB

Marine Bank's Investment Management business continues to grow at a fast pace. We would like to introduce you to the newest member of our team, **Becky Claycomb**. For two years, Becky served as a Personal Banker in Marine's West Branch, where she

learned to assist our customers with their day-to-day banking needs. Becky's experience in providing outstanding service with Marine Bank's personal touch will be invaluable to our clients. Please join us in welcoming Becky to our department.



## ANNETTE PIPER

**Annette Piper** is the Vice President of Marine Bank's Trust and Investment Management division. A certified trust and financial adviser, Annette will handle the development of a customized investment plan for you or your business. With more than 17 years of experience, Annette will show you just how easy financial planning can be. When it comes to protecting your financial future, Annette is definitely on the ball. Go for the win! Put Annette on your team today! Call her at 217.726.0661.



Ready to take a step forward  
into your financial future?  
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