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STRICTLY BUSINESS

CHARLES ROSS

Your
Personal
FinanceIndexes
measure
economy

The Consumer Price Index or CPI is an economic statistic which measures the average change in prices paid by consumers for goods and services like food, clothing, shelter, and transportation. The increase in the CPI is what most people refer to as the inflation rate. A 5 percent increase in the CPI means that inflation will increase 5 percent. The CPI is criticized as being an unrealistic measure of what the average household spends, but the CPI remains very influential.

Why is the CPI important? For starters, the inflation rate is what employers use to set salary increases. In addition, manufacturers and retailers use it to set future price increases and the government pegs cost-of-living increases for Social Security recipients to the inflation rate.

The unemployment rate

The unemployment rate helps to signal good or bad times and represents the number of people who are out of a job. The number is expressed as a percentage. So for example, if the unemployment rate is 10 percent and the number of people in the workforce is 50,000, then that means 5,000 people are unemployed. But the numbers don't tell the whole story.

The unemployment rate does not measure people who have stopped looking for work, but it does count people who only worked one hour in a week. For this reason the unemployment rate is not as accurate as it could be, which means the unemployment rate is generally several percentage points higher than reported.

Low unemployment numbers may signal a good time to sell a home or start a business. High unemployment may mean your own job security could be at risk.

Gross Domestic Product

Just as the Consumer Price Index measures retail prices, the Producer Price Index or PPI measures changes in wholesale prices that retailers have to pay for the products that they sell. The PPI provides a clue to the future price consumers will have to pay. When producers receive higher prices from retailers for their products, it's likely that those increases will be passed on to consumers. A major increase in the PPI may indicate its time to stock up on items or buy a new car this year instead of next.

The Gross Domestic Product or GDP is a measure of the total value of all finished goods and services produced within the United States. The GDP is perhaps the most important barometer of our nation's health. A rising GDP points to a strong and expanding economy. A falling GDP means overall economic weakness.

Leading Economic Indicators

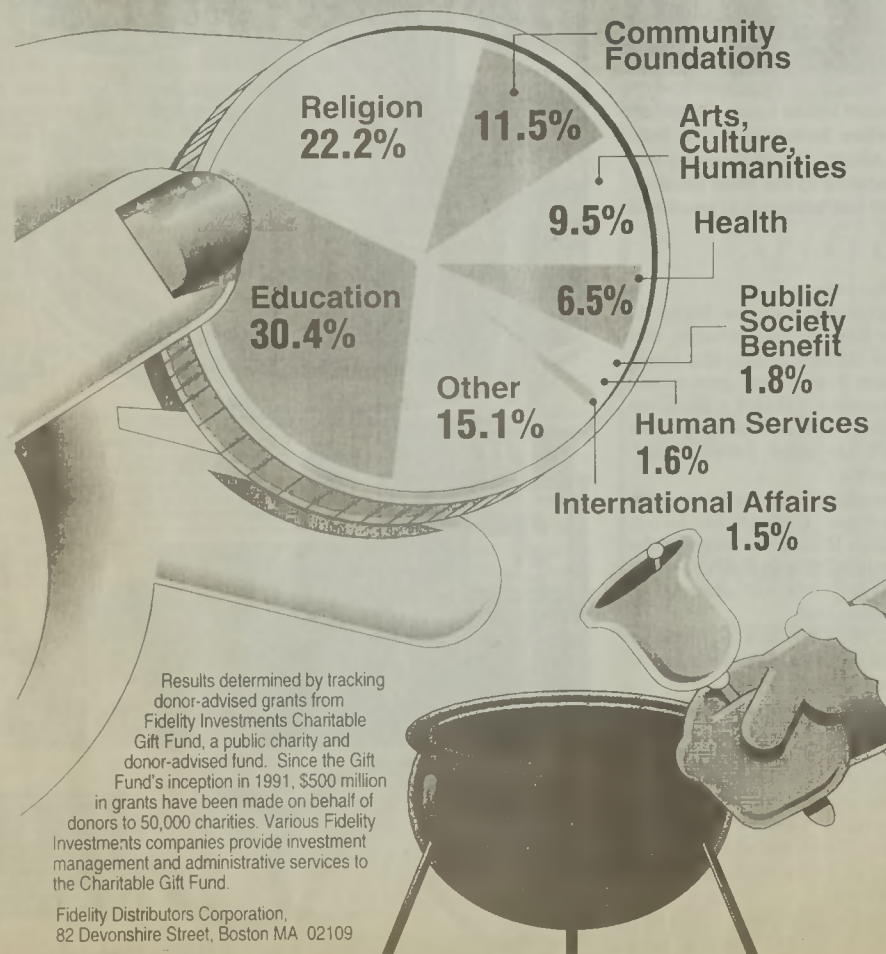
Economists use the index of leading economic indicators to predict where the economy is headed. The index consists of 11 items, including initial claims for unemployment insurance, new orders placed to manufacturers, residential building permits, money supply and the length of the average work week. The index is considered to be a predictor of what will happen in the economy six to nine months in the future and is worth examining before you make any major career or financial moves.

Another economic term, the

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'Tis the Season . . .

The holidays are a time for giving to charity and the Charitable Gift Fund reports that during the year education is number one among its donors.

BET Holdings chief prepares to
conquer more than television ratingsBy Peter Perl
THE WASHINGTON POST

On the 44th floor of New York's World Trade Center last May, in a posh conference room overlooking the Hudson River, Robert L. Johnson stood and delivered the BET pitch.

Seated at rows of banquet tables before him, some 80 Wall Street stock analysts already knew Johnson as the founder of Black Entertainment Television and BET Holdings Inc., the first and largest black-owned firm to be traded on the New York Stock Exchange. But he was here to sell a new and dazzling vision of BET — not merely as America's original black cable TV network, now reaching 52 million homes, but rather as a rapidly growing media conglomerate worthy of expanding investment into the next century.

He had a soft-spoken yet commanding presence as he rattled off a long list of new ventures in television, publishing and leisure activities that would position Washington-based BET to become the dominant multimedia "entertainment brand" for African Americans and people of color all over the world — essentially, the black Disney.

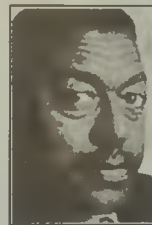
Johnson told the analysts that BET's basic cable network

remained so lucrative that he would have about \$300 million in cash, with virtually no debt, to invest in new businesses. With that, he emphasized, BET planned not just to dominate, but to monopolize the field.

"Our goal is not to see another black programming service exist," he said. "So, if DirecTV is created, we are on DirecTV. If Primestar is created, we are on Primestar. If EchoStar or any other distribution platform is created, we rush to get in, not only with our core BET channel, but with our flanker-brand channels of jazz, movies or pay-per-view. The same with the Internet . . . We have an exclusive contract with Microsoft to be their sole provider of African American content on the Internet. So we are going to brand the Internet, much the way we branded cable some 16 years ago . . ."

"There has not been, in my opinion, a black brand of any significance that has penetrated the psyche of black America, probably since Motown, other than BET. And, of course, Motown went on to become a universal brand."

Smart, charming, politically astute and intensely ambitious, Bob Johnson has defined Black Entertainment Television as the exclusive purveyor of African American-oriented entertainment on cable. With \$500,000



Robert Johnson hopes to turn BET into a global media player with TV and financial services.

seed money from one cable giant and \$10 million more invested by other industry players, he has built BET in less than 20 years into a company whose worth approaches \$1 billion. And if he achieves the ambition he outlined to the Wall Street analysts, he will extend BET's reach much further into African American life:

Television viewers will watch not just BET, but also BET on Jazz, a music-video channel; BET's Action Pay-Per-View, featuring urban-oriented films; and BET Movies/STARZ!3, another movie channel. Readers will pore over BET Weekend, a monthly Sunday newspaper insert, along with BET's monthly magazine, Emerge. Shoppers will order from a BET line of clothing, and pay with BET Visa cards from BET Financial Services. Diners will flock to a BET on Jazz restaurant in downtown Washington, and to BET Soundstage, a music-video-themed restaurant whose pro-

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Black-held companies had a banner year in 1997

By John William Templeton
NATIONAL NEWSPAPER
PUBLISHERS ASSOCIATION

SAN FRANCISCO — A 24 percent gain in the Black Stock Worldwide index since May 1 underscores the most significant year for African American and African companies in the world's equity markets ever.

Shareholders of Black Entertainment Television (BTV:NYSE) and Carver Federal

Savings Bank of Harlem (CNY:OTC) are making joyful noises as 1997 comes to a close. Founder Bob Johnson's decision to buy back the outstanding shares of BTV doubled the share value from 28 7/8 to 56 at the end of November. The U.S.'s largest Black bank, Carver, did even better in percentage terms, making a Lazarus-like move from 2 7/8 to 17.

Ariel Mutual Funds two primary investment vehicles, Ariel

Growth (ARGFX) and Ariel Capital Appreciation (CAAPX) nearly tripled during 1997, moving from a trading range around \$14 respectively to end of November, closing at \$40.95 and \$35.58.

In April, Ariel released the first study of African-American investment attitudes, projecting that \$36 billion of investible assets were drawing little or no appreciation due to lack of

Money Management

New government
rules give American
consumers creditBy Amanda Danchi
SPECIAL TO THE POST

Your credit report contains important information about you -- information that can help you land a job or get approved for a mortgage. Last year, in an effort to continually improve credit reporting accuracy, Congress enacted the Consumer Credit Reporting Reform Act, which took effect in October. According to the N.C. Association of CPAs, the new act strengthens the older Fair Credit Reporting Act and includes several new provisions. While the act is designed to improve the way credit information is handled; it's important that you're aware of your responsibilities with regard to your credit report.

Role of reporting agencies

What many people don't realize is that a credit bureau is simply an information gathering business. The three major credit reporting agencies input the computerized information they receive from lenders and merchants describing consumers outstanding balances and payment

history. These agencies also search public information records at courthouses throughout the country for information concerning judgments, liens, foreclosures, and bankruptcies. Credit reporting agencies do not assign ratings, nor do they deny credit. It is the lender who decides whether a consumer is creditworthy, based on the information it receives and on its own credit criteria.

When, why you should review

Review your credit file every few years to make certain the information it contains is accurate and complete. Most errors occur in files of family members with the same last name and address and in those of people with common names. Misspellings and incorrect Social Security numbers add problems as well. Make it a point to check your credit report in advance of applying for a mortgage or other major loan. That way you can correct any errors and avoid delays in the processing of your loan request.

To obtain a copy of your credit

See CREDIT on page 9A

Look to the past in order
to get jump on investing
in present and future

OMAR DILLARD

Financial
Focus

downright cold? To help you identify financial captains who know how to sail through rough waters, take a look at down markets from the past.

Let's look at how one of the biggest mutual fund groups has done in the past. Three market declines occurred between January 1973 and October 1990. The first began Jan. 11, 1973, and ended Oct. 3, 1974. Three of the four funds in this group that existed at that time did better than the stock market.

In the 1970s, five equity funds were added to the group. When the stock market suffered its second major decline of the test period, between Nov. 23, 1980 and Aug. 12, 1982, all nine of the group's equity funds performed better than the stock market.

By Aug. 25, 1987, the beginning of the third decline, this fund-company managed 12 equity funds. On Dec. 4, 1987, when the decline ended, all 12 funds had outperformed the stock market.

Take these three major market declines, and ask your broker to compare the results of your favorite family to the unmanaged Standard & Poor's 500 Index or any other major index.

Of course, this test is not infallible, nor will it guarantee you protection against future decline. It does, however, tell you how well a fund's managers have protected their shareholders in past major market declines, and past results are the only way we have to study fund management.

Not all mutual funds perform the same in good and bad markets. It would make sense, however, that a managed portfolio of common stocks should perform better than an unmanaged index. Otherwise, why hire a manager?

Good money managers strive to invest in solid companies that they would be comfortable owning for many years, through good and bad times. Part of this process is paying attention to the price of a security in relation to its value. Owning stocks of good value at reasonable prices takes the emotion out of investing. It's also the best protection against a falling market.

Any money manager can look good in a bull market. Solid money management, however, is measured by the ability to make money in good markets and to keep it in bad markets.

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awareness in the markets.

The strong performance of their funds and identifiable companies like BTV and Carver is a powerful incentive to change those attitudes.

Significantly, the African-American and African public companies traded on U.S. exchanges as a group performed in a counter-cyclical fashion. They continued to rise when the rest of the market went through a correction.

On the African continent, commodity prices are having a more profound impact on share prices, particularly the price of gold. Africa's new billion-dollar conglomerates are taking advantage of the opportunity to go on a buying spree.

JCI and New Africa Investments (JCI.J) and (NAIL.J) have purchased the British conglomerate Lonrho. See BLACK on page 9A