

# JEKYLL RESEARCH



© Crown copyright UK Government Art Collection

From Joseph Jekyll Advisers LLC

---

P.O. Box 48821  
Telephone 706-255-9469  
Fax 706-546-4559

Athens, Georgia 30604  
Email: [tomwilkinsCFA@jekylladvisers.com](mailto:tomwilkinsCFA@jekylladvisers.com)  
Web Address: [www.jekylladvisers.com](http://www.jekylladvisers.com)

October 18, 2011

Dear Friends,

Senator Johnny Isakson speaks at a luncheon on October 27<sup>th</sup>. If you want to come, please click on [Senator Isakson Luncheon Reservation](#)

Now below is a recommended for qualified portfolios.

## [BUY APPLE STOCK<sup>1</sup>](#)

The Nobel Prize for economics went to two American economists<sup>2</sup> known for their work in “Rational Expectations.” This is a good time to apply “Rational Expectations” to one’s investments.

---

<sup>1</sup> Apple closed Monday, October 17, 2011 at \$419.99 per share.

<sup>2</sup> Thomas Sargent, New York University economics professor and Christopher Sims, Princeton University economics professor.

*“...the price of a stock or bond depends partly on what prospective buyers and sellers believe will be in the future.”*

So wrote Nobel Prize winner Thomas Sargent in his essay on Rational Expectations.<sup>3</sup>

The favorable response from the market place to Apple’s new iPhone 4 and expectations of another version all give an opportunity to apply<sup>4</sup> rational expectations, as discussed above, to Apple Inc.

It is reasonable to expect favorable earnings growth at a time, when the economy is likely to show unfavorable economic growth in the near future.

Whereas the stock has increased \$40 per share this month, it is still cheap on a fundamental price earnings ratio basis. At a time of worry about debt, Apple Inc. has zero long term debt and may have more cash than the U.S. Treasury operating cash balance.

Under these circumstances, it is not unreasonable to expect the stock to reach \$500 per share. It is not too late to buy Apple Inc. (symbol, AAPL).<sup>5</sup>

## Joseph Jekyll Advisers Disclaimer

---

<sup>3</sup> *The Concise Encyclopedia of Economics*, edited by David R. Henderson, Liberty Fund, Indianapolis, 2008, page 432.

<sup>4</sup> Rational Expectations is considered by many as both theoretical economics and applied economics.

<sup>5</sup> Thomas Wilkins, CFA owns Apple stock.