

SUNDAY MONEY

SPENDING

For the Autistic, a Gift Of Common Ground

By JULIE BICK

ALMOST everyone knows of a family affected by autism, the disorder that can impair a child's ability to form social and emotional connections. The Centers for Disease Control and Prevention says autism-related disorders are more common than cerebral palsy, Down syndrome, blindness and deafness — some of the other major childhood disabilities.

Children with autism often have a hard time interpreting emotions in others, may learn to speak later and can experience hypersensitivity to noise, light and touch. As the holidays approach, family members and friends may wonder what to buy for any children with autism on their list while accommodating their special needs.

Play is the work of all children because it lets them practice new skills, find new interests and develop mentally and physically. For a child with autism, the right kind of play at the right time is crucial. Play can help deliver some basic communication and life skills that may not come naturally.

Children with auditory processing problems, for example, may have trouble translating a verbal request like "put on your coat" into a physical action. Games like the Hullabaloo DVD Game (\$24.99), from Cranium, which playfully asks children to jump to different floor pads while showing others performing the desired action on screen, combine auditory and visual cues that can help children follow directions.

Although some toys are specially designed for children with autism, many families may prefer toys from the mainstream, like the Hullabaloo game. Lauri Perry of Seattle, the mother of Clark, an 8-year-old with autism, buys off-the-shelf items rather than custom products. "I want him to have the toys everyone else has, so when kids come over, they see things they know and like," she said. "His room shouldn't look like a therapy station."

On the other hand, a specially designed therapeutic toy can focus more directly on a specific skill, like maintaining appropriate eye contact.

Autism disorders fall on a spectrum from mild to very severe. Mari Stobbe, a founder of the Autism Spectrum Treatment and Research Center of Seattle, said: "It is vitally important to help children on the spectrum develop social connections, and to find common ground with typically developing children." She said a shared interest in a toy could help foster that bond.

Ms. Perry also wants to make sure Clark has popular items. One favorite is a SpongeBob SquarePants backpack with a cloth tongue that rolls out when he unzips it. "The other kids think it's cool," she said.

For the past 13 years, Toys "R" Us has published a "Toy Guide for Differently-abled Kids," originally in print and now at www.toysrus.com/differentlyabled. It offers tips for buying mainstream toys based on factors like multisensory appeal, safety and potential for interaction.

The toys in the catalog have been evaluated by Lekotek (www.lekotek.org), a non-profit organization in Chicago that aims to make play more accessible for children with disabilities. Each item is tagged with symbols showing which abilities the toy may help promote, like social interaction, fine motor skills or language development.

When Ms. Perry first saw the Toys "R" Us catalog, she felt put off. "It felt condescending, like we weren't able to choose the right toys ourselves," she said. "Clark's interests are not that different than other

kids."

But as she examined the catalog more closely and saw the symbols, she realized that it could be useful. "There are definitely areas Clark needs to work on, and the symbols show where a toy could help," she said. "So if it saves me from spending time and money on the wrong thing, it is valuable."

Many toys are hard work for children with autism because they stretch the child's capabilities in language, social skills or sensory integration. While these are crucial to the child's development, Susan Malmquist, director of educational and clinical services at the autism research center, advises care providers to balance instructional and therapeutic toys with their favorite types of toys. If the child loves airplanes, for example, provide them as a break between more therapeutic activities.

Children with autism usually have a limited set of interest areas, but those interests are very strong. So whether an interest is in animals, trains or cars, it is hard to go wrong buying more items in that category.

Many Web sites offer information and products for children with autism and other special needs. Stars4kidz.com offers toys grouped by development category, like cause and effect, or sensory play.

Neurodiversity.com, through links to Amazon.com, suggests gifts as well as children's books featuring characters with autism, including "Of Mice and Aliens" by Kathy Hoopmann (Jessica Kingsley Publishers, \$12.95) and "Tobin Learns to Make Friends" by Diane Murrell (Future Horizons, \$16.95). The site's books for siblings include "All About My Brother" by Sarah Peralta (Autism Asperger Publishing Company, \$16.95).

For parents who want more information about a toy than the mall or the Web might offer, Discovery Toys (www.discoverytoysinc.com) of Livermore, Calif., will send a sales representative to make a presentation for a parent's support group or a play group. Working with a child development expert, the company has chosen a variety of toys for children with autism in different skill-building areas. The Castle Marbleworks Play Tower (\$36.99), for example, teaches cause-and-effect relationships using balls and interlocking plastic ramps.

Ellen Notbohm, author of "Ten Things Every Child With Autism Wishes You Knew" (Future Horizons, \$14.95), advises gift-givers to think beyond the toy store, especially by emphasizing everyday items that provide sensory experiences. One year she gave her son with autism a tissue-lined wicker basket containing 10 cans of shaving cream, to be dispensed at will in the bathtub, sink or wading pool. "He was beyond happy," she recalled.

Because children with autism often like to play with one type of thing for a long time, large quantities of typical items can delight them, she said, like a bucket of flashlights or a treasure chest of costume jewelry collected from local garage sales.

"Any idea can be terrific, and any idea can be disastrous, depending on the child," Ms. Notbohm said. "Parents will appreciate it if you have thought of three or four suggestions and ask them which might be most appropriate."

Asking parents in advance is wise because special needs can vary so widely. Children on the autism spectrum usually have a concrete view of life, so fantasy characters and toys may not appeal to them. For some, a sense of danger is slow to develop, so be sure to ask parents about toys with an



Clark Perry, who has autism, with his father, David Perry, outside the family's home in Seattle. Clark's mother, Lauri, says that she wants him to "have the toys everyone else has, so when kids come over, they see things they know and like."

electrical cord. And though grandparents may like to shower a child with gifts, one large present may be better than many small ones. Too many things going on at once, too many choices, can overwhelm a child with autism, who finds it easier to fo-

cus on one thing at a time. Membership to the local zoo or science museum (where the family can visit when it is not too noisy or crowded) is another possible gift.

Most buying guidelines for children with autism are the same as those for any other

children, according to Dr. Malmquist at the autism research center. Find toys based on their interests, toys that will help them develop and toys that are safe and matched to their intellectual capabilities. It may just take a little more research. □

FUNDAMENTALLY

PAUL J. LIM

Look Out: Investors Are Turning Optimistic

PESSIMISM has been propelling the stock market. Of course, that gloom — contrarian indicator though it may be — isn't enough on its own. But combine it with strong economic and profit growth and you end up with a series of positive earnings surprises. And this, in turn, has fueled the 4.9 percent rally in the Standard & Poor's 500-index so far this quarter and the 12.2 percent gain for the year to date.

Yet stocks are on the verge of losing this all-important tailwind.

"After 13 consecutive quarters of double-digit earnings growth, investor expectations are pretty high now," said Jack A. Ablin, chief investment officer at Harris Private Bank in Chicago.

In fact, investors have become downright optimistic in recent weeks, thanks in part to an avalanche of solid earnings reports and economic data.

For example, 59 percent of fund managers now say they believe that the economy next year will remain as strong as it is now or will improve, according to a recent survey by Merrill Lynch. That's up from 32 percent of fund managers who thought so in October.

The percentage of investors who think that the economy is likely to slip into recession, meanwhile, has shrunk to 8 percent from 20 percent last month.

That's not the whole story. Investors are also growing more bullish about the outlook for corporate profits. Today, half of all domestic fund managers think that earnings will remain steady or improve in the coming 12 months. A similar survey in September showed that only 18 percent felt that way.

This degree of optimism is somewhat surprising, because earnings growth usually begins to slow noticeably as an expansion matures. And by historical standards, this expansion is already long in the tooth.

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So what's with this what-me-worry attitude? Part of it has to do with recent government data showing that the economy is hanging tough. The latest Labor Department reports, for instance, showed that the economy was still creating a significant number of new payroll jobs without fanning the flames of inflation.

But something else is also at work. "We have come to a point in the cycle where people have begun to extrapolate trends," said Richard Bernstein, chief investment strategist at Merrill Lynch. In other words, having grown accustomed to a resilient economy and improving profits, investors now simply assume that times will always be this good.

Mr. Bernstein says it is particularly curious that investors are becoming more bullish on earnings while hoping that the Federal Reserve will soon start to trim short-term interest rates. For corporate earnings to improve substantially, the underlying economy would have to expand faster than expected. Yet, if economic growth were accelerating, the Fed wouldn't be easing monetary policy. Instead, it would probably still be raising rates.

Nevertheless, isn't this growing sense of optimism a bullish indicator for equity prices? Actually, "this type of thinking can be very dangerous," Mr. Bernstein said. That's because the aging bull market has thrived recently as investors have set the bar low and watched as corporate profits have consistently exceeded expectations.

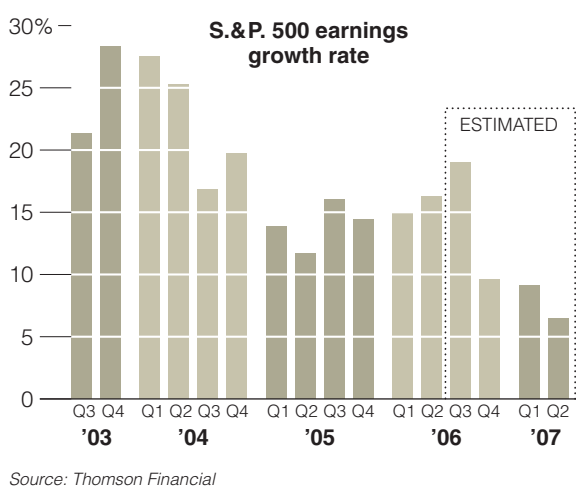
In the third quarter, for instance, investors had been bracing for 14 percent earnings growth, compared with the year-earlier period. But they were pleasantly surprised when profits for the S. & P. 500 companies grew by 19 percent.

Now the situation is likely to reverse. It appears that investor expectations are rising just as corporate earnings are on the verge of disappointing.

How do we know that earnings will begin to slow?

A Slowdown in Earnings?

For the last few years, corporate earnings have grown much faster than expected, which has helped to fuel equity markets. But corporate profits are expected to begin a descent in the fourth quarter this year.



Source: Thomson Financial
The New York Times

For starters, history has shown a strong correlation between corporate earnings growth and the spread between 10-year Treasury yields and the federal funds rate, Mr. Ablin said.

Whenever 10-year Treasuries are yielding less than the federal funds rate — the rate that banks charge one another on overnight loans — corporate earnings tend to slow or go negative, Mr. Ablin noted. And in case you haven't been paying attention, 10-year Treasuries have

been yielding less than the fed funds rate for much of this year.

There are other signs as well. For example, the research firm Thomson Financial routinely surveys Wall Street analysts about their earnings expectations for the individual companies they follow. Thomson then adds up these forecasts to build a so-called bottoms-up estimate of equity earnings.

According to the most recent Thomson survey, S. & P. 500 earnings are expected to expand 9.6 percent in the fourth quarter. That would be a major slowdown from the third quarter, and even the second quarter, when profits rose 16.3 percent.

It would also be the slowest rate of earnings growth since the second quarter of 2003.

In reality, profits for most S. & P. 500 companies are growing much slower than 9.6 percent this quarter. If you stripped out the financial sector, where a profit surge of 32 percent is expected, corporate earnings would be likely to grow by only 3.1 percent, said John Butters, senior research analyst for Thomson Financial.

And this slowdown is likely to continue through 2007. Many economists and market strategists, for example, are forecasting only modest single-digit earnings growth next year.

Jeffrey N. Kleintop, chief investment strategist at PNC Wealth Management in Philadelphia, says he thinks that S. & P. 500 earnings may grow by only 3 percent next year. And this assumes that the economy expands at an annual rate of around 2.5 to 3 percent, he said.

"If we see something worse — something in the 1 to 2 percent range — there could be a lot more downside to earnings growth," he said.

In fact, he added, "it could pull the whole year into negative territory." □