










The Economy

While the recession has yet to be declared over by the National Bureau of Economic Research, the U.S. economy has expanded for three consecutive quarters. GDP grew by an annualized 3.2% in Q1'10. It grew by 2.2% in Q3'09 and 5.6% in Q4'09. The consumer is starting to spend again and Corporate America is flush with cash. U.S. non-financial companies alone were holding \$2.8 trillion in cash and equivalents at the start of 2010, according to Kiplinger. The last positive shoe to drop is job growth. If nonfarm payrolls can approach 200,000 per month over the next 2-3 months confidence levels should rise.

Consumer Confidence 57.9 (Apr) 52.5 (Mar) 	Crude Oil (Mo.-End) \$86.15 (Apr) \$83.76 (Mar) 	Personal Spending 0.6% (Mar) Feb. up 0.3% 	ISM Manufacturing 60.4 (Apr) 59.6 (Mar) 	ISM Non-Manufacturing 55.4 (Apr) U 55.4 (Mar) N 55.4 (Mar) C 55.4 (Mar) H.
Gold (Mo.-End) \$1180.70 (Apr)  \$1113.30 (Mar)	Natural Gas (Mo.-End) \$3.92 (Apr)  \$3.87 (Mar)	Factory Orders 1.3% (Mar)  Feb. up 0.6%	New Home Sales 411,000 (Mar)  308,000 (Feb)	Existing Home Sales 5.35M (Mar)  5.02M (Feb)

The Stock Market


Indices (Source: Bloomberg)

	Apr.	12-mo.
S&P 500	1.6%	38.8%
DJIA	1.5%	38.7%
NASDAQ 100	2.2%	44.4%
S&P 400	4.3%	48.9%
Russell 2000	5.7%	49.0%
MSCI World (ex U.S.) (USD)	-1.4%	36.6%
MSCI Emerging Markets (USD)	1.2%	57.2%

Growth/Value (Source: Bloomberg)

	Apr.	12-mo.
S&P 500 Citigroup Growth	1.3%	36.0%
S&P 500 Citigroup Value	1.9%	41.9%
S&P Midcap 400/Citigroup Growth	3.8%	48.2%
S&P Midcap 400/Citigroup Value	4.7%	49.8%
Russell 2000 Growth	4.2%	45.2%
Russell 2000 Value	7.0%	52.4%

Ninety-seven out of the 134 subsectors (72.4%) that comprise the S&P 500 posted a gain in April, down from 124 last month. Consumer Discretionary was the top performing major sector, up 6.1%, according to S&P. In April, the dividend-payers (368) in the S&P 500 (equal weight) posted a total return of 3.23%, vs. 1.68% for the non-payers (132), according to Standard & Poor's. Year-to-date through April, the payers were up 11.87%, vs. a gain of 10.17% for the non-payers. For the 12-month period ended April, payers were up 51.92%, vs. a gain of 57.19% for the non-payers. The number of dividend increases year-to-date (through 4/28) totaled 94. That topped the 68 increases registered in the first four months of 2009. One company decreased its dividend, down from 50 in the first four months of 2009. The constituents in the S&P 500 could earn \$85.96 over the next 12 months, according to data from equity analysts compiled by Bloomberg. That is dramatically higher than the \$49.51 earned in 2008 and approaches the \$89.93 earned in the 12-month period ended September 2007, when the S&P 500 was 19% higher than today. S&P estimates the index will earn \$93.70 in 2011. Demand for tech is back. Strategy Analytics reported that smartphone shipments surged 50% (y-o-y) in Q1'10, according to Reuters. Worldwide PC shipments were up 24.2% (y-o-y) in Q1'10, according to IDC.

U.S. Dollar (U.S. Trade-Weighted Basket) +0.6% (Apr)  +2.4% (2010) \$ was down 5.9% in '09	CBOE Total Equity Options (# of contracts in millions) Apr: 62.3 (+10.9%)  Mar: 56.2 (+42.3%) Record 7/08: 67.2 million	Short Interest (NYSE) Apr 15: 13.90B (-1.6%)  Mar 15: 14.13B (+0.9%) Record 7/08: 18.61 billion shares	VIX Volatility Index (S&P 500) 22.05 (4/30)  17.59 (3/31) Record 11/20/08: 80.86
---	--	--	---

The Bond Market

Index (Source: Barclays)

	Apr.	12-Mo.	Yield
U.S. Treasury: Intermediate	0.78%	1.92%	1.95%
GNMA 30 Year	0.70%	5.61%	4.06%
Municipal Bond (22+)	1.97%	15.47%	4.96%
U.S. Aggregate	1.04%	8.30%	3.35%
Intermediate Corporate	1.34%	19.18%	3.70%
U.S. Corporate High Yield	2.34%	42.58%	8.11%
Global Aggregate	0.02%	9.26%	2.87%
Global Emerging Markets	0.69%	28.70%	5.82%

Speculative-grade debt turned in another stellar month, but U.S. Corporate High Yield debt separated itself from Emerging Markets debt. The downgrading of Greece's sovereign debt to junk status on 4/27 reignited concerns over whether its problems will extend to Spain, Portugal, and beyond. Confidence in the euro is already falling. The U.S. dollar has been appreciating by default. The U.S. has its own deficit challenges, both on the Federal and state levels. For example, a recent study by the Pew Center revealed a \$1 trillion gap between the \$3.35 trillion in pension, health care, and other retirement obligations sitting on state balance sheets and the \$2.35 trillion in assets available to cover them, according to CNNMoney.com. Some portion of that shortfall will likely be covered by debt.

Key Rates as of April 30		Key Yield Spread		2010 Debt Issuance through March		
		The spread between the Merrill Lynch High Yield Master II Index and the 10-Yr. T-Bond was 464 basis points on 4/30/10, down from 480 on 3/31/10. It was 1,251 on 4/30/09. (Source: Bloomberg)		(Source: Thomson Reuters)		
		Debt Category	\$ Amount	% change over '09		
Fed Funds	0-0.25%	Treasury	\$623.1 Billion	+65.4%		
2-Yr. T-Note	0.96%	Corporate	\$280.2 Billion	+24.1%		
10-Yr. T-Bond	3.66%	Convertible	\$5.4 Billion	+74.2%		
30-Yr. Mortgage	5.13%	Asset-Backed	\$34.1 Billion	+80.4%		
Bond Buyer 40	5.11%	Municipal	\$103.6 Billion	+21.2%		
(Source: Bloomberg)						

Equity funds reported net cash inflows totaling \$11.2 billion in 3/10, vs. an upwardly revised \$651 million of inflows in 2/10, according to the Investment Company Institute. Bond fund inflows totaled \$37.2 billion, vs. \$26.6 billion of inflows in 2/10. Money Market fund outflows totaled \$155.7 billion, vs. \$77.3 billion of outflows in 2/10. Y-T-D through March, equity funds reported net inflows totaling \$28.8 billion, vs. \$90.9 billion in inflows for bond funds and \$336.4 billion in outflows for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1565.15	10/09/07	676.53	03/09/09	1186.69	-24.18%	7.05%	1.80%
S&P 500/Citigroup Growth	939.41	07/17/00	363.99	03/09/09	608.71	-35.20%	5.03%	1.47%
S&P 500/Citigroup Value	836.19	07/13/07	307.16	03/09/09	568.90	-31.97%	9.11%	2.13%
S&P 400	926.23	07/13/07	372.88	10/09/02	823.06	-11.14%	13.74%	1.28%
S&P 400/Citigroup Growth	383.70	06/05/08	162.27	10/09/02	356.00	-7.22%	13.59%	0.75%
S&P 400/Citigroup Value	361.18	06/04/07	135.55	10/09/02	298.98	-17.22%	13.91%	1.80%
S&P 100	829.83	09/01/00	322.13	03/09/09	540.28	-34.89%	5.79%	1.97%
DJIA	14164.53	10/09/07	6547.05	03/09/09	11008.61	-22.28%	6.42%	2.47%
NASDAQ 100	4099.30	09/01/00	804.64	10/07/02	2000.63	-51.20%	7.76%	0.66%
Russell 2000	855.77	07/13/07	327.04	10/09/02	716.60	-16.26%	15.02%	1.15%
Russell 2000 Growth	455.25	10/10/07	169.69	10/09/02	384.07	-15.64%	12.14%	0.60%
Russell 2000 Value	1276.63	06/04/07	469.32	03/09/09	1013.97	-20.57%	17.73%	1.64%
Russell 3000	907.58	10/09/07	389.61	03/09/09	702.94	-22.55%	8.23%	1.71%
MSCI World x U.S. (USD)	5379.90	10/31/07	1636.59	03/12/03	3820.64	-28.98%	-0.16%	N/A
MSCI Emerging Markets (USD)	473.35	10/29/07	75.12	09/21/01	381.02	-19.50%	3.65%	N/A
Bovespa/Brazil (USD)	44638.24	05/19/08	2160.80	10/16/02	39039.02	-12.54%	-0.94%	3.07%
RTS/Russia (USD)	2487.92	05/19/08	131.02	01/03/01	1572.84	-36.78%	10.49%	1.34%
Bombay SE 500/India (USD)	226.04	01/07/08	16.50	09/21/01	158.74	-29.77%	8.12%	1.02%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	420.58	-48.09%	-12.33%	1.40%
KOSPI/South Korea (USD)	2.29	10/31/07	0.36	04/04/01	1.57	-31.45%	8.76%	1.28%
Hang Seng (USD)	4082.25	10/30/07	1078.13	04/25/03	2718.74	-33.40%	-3.13%	2.71%
MSCI Euro (USD)	1988.53	10/31/07	598.84	03/12/03	1127.85	-43.28%	-9.74%	3.43%
S&P Consumer Discretionary	318.54	06/04/07	125.72	03/09/09	274.27	-13.90%	17.21%	1.26%
S&P Consumer Staples	306.61	12/10/07	175.81	05/01/00	283.64	-7.49%	4.36%	2.88%
S&P Energy	668.81	05/20/08	163.83	07/23/02	449.37	-32.81%	5.10%	2.01%
S&P Utilities	223.91	12/10/07	77.27	10/09/02	154.37	-31.06%	-1.00%	4.26%
S&P Financials	509.55	02/20/07	81.74	03/06/09	217.54	-57.31%	12.66%	1.00%
S&P Banks	414.38	02/20/07	49.02	03/05/09	159.39	-61.54%	27.53%	0.82%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	402.86	-40.45%	17.65%	3.27%
S&P Health Care	444.98	12/28/00	252.84	03/05/09	358.12	-19.52%	-0.56%	2.01%
S&P Pharmaceuticals	496.83	12/28/00	214.50	03/03/09	295.68	-40.49%	-2.53%	3.56%
NYSE Arca Biotechnology	1253.57	03/23/10	280.09	07/10/02	1198.79	-4.37%	27.24%	1.32%
S&P Information Technology	887.77	07/17/00	172.88	10/09/02	383.53	-56.80%	3.73%	0.84%
Philadelphia Semiconductor	1269.30	06/21/00	171.32	11/20/08	376.07	-70.37%	4.80%	1.05%
S&P Telecom Services	303.83	05/01/00	79.00	09/30/02	106.64	-64.90%	-4.43%	5.86%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	284.43	-25.38%	17.75%	1.91%
S&P Materials	285.91	05/16/08	102.55	10/09/02	205.47	-28.13%	3.36%	1.69%
Philadelphia Gold & Silver	206.37	03/14/08	41.85	11/17/00	179.02	-13.25%	6.64%	0.61%
Reuters/Jefferies CRB	473.52	07/02/08	183.52	10/22/01	277.71	-41.35%	-2.00%	N/A
Merrill Lynch Perpetual Preferred	197.85	05/08/07	51.79	03/09/09	142.37	-28.04%	5.64%	7.43%
Merrill Lynch High Yield Master II	243.13	04/27/10	106.67	10/10/02	243.11	-0.01%	7.13%	8.30%