

The Economy

While April's nonfarm payroll number (115,000) fell short of the consensus estimate of 160,000 (Bloomberg survey), an additional 66,000 new jobs were found during the revision process for February and March. Brian Wesbury, Chief Economist at First Trust Advisors L.P., noted that the monthly payroll report has been revised upward in each of the past 10 months, with an average monthly increase of about 40,000 jobs. The S&P/Experian Consumer Credit Default Composite Index stood at 1.96% in March 2012, the first time it has been below 2.00% since the early days of the U.S. financial crisis in '07 (1.85% in 7/07), according to S&P Capital IQ. The index peaked at 5.51% in 5/09. Investors, in our opinion, should not sell the U.S. consumer short.

Consumer Confidence 69.2 (Apr) 70.2 (Mar)	Crude Oil (Mo.-End) \$104.87 (Apr) \$103.02 (Mar)	Personal Spending 0.3% (Mar) Feb was 0.8%	ISM Manufacturing 54.8 (Apr) 53.4 (Mar)	ISM Non-Manufacturing 53.5 (Apr) 56.0 (Mar)
Gold (Mo.-End) \$1664.20 (Apr) \$1669.30 (Mar)	Natural Gas (Mo.-End) \$2.29 (Apr) \$2.13 (Mar)	Factory Orders -1.5% (Mar) Feb was +1.3%	New Home Sales 328,000 (Mar) 313,000 (Feb)	Existing Home Sales 4.48M (Mar) 4.59M (Feb)

The Stock Market

Indices (Source: Bloomberg)

	Apr	12-mo.
S&P 500	-0.6%	4.7%
DJIA	0.2%	5.9%
NASDAQ 100	-1.1%	14.5%
S&P 400	-0.2%	-1.0%
Russell 2000	-1.5%	-4.3%
Russell 3000	-0.7%	3.4%
MSCI World (ex U.S.) (USD)	-1.7%	-13.0%
MSCI Emerging Markets (USD)	-1.2%	-12.4%

Growth/Value (Source: Bloomberg)

	Apr	12-mo.
S&P 500 Growth	0.0%	8.1%
S&P 500 Value	-1.3%	1.3%
S&P 400 Growth	-0.1%	-0.7%
S&P 400 Value	-0.4%	-1.2%
Russell 2000 Growth	-1.6%	-4.4%
Russell 2000 Value	-1.5%	-4.1%

Fifty-eight out of the 132 subsectors (44%) that comprise the S&P 500 posted a gain in April, down from 101 (77%) last month, according to S&P. Telecommunication Services was the top performing sector, up 5.3%. In April, the dividend-payers (401) in the S&P 500 (equal weight) posted a total return of 1.72%, vs. -0.12% for the non-payers (99), according to S&P. Year-to-date through April, the payers were up 13.35%, vs. a gain of 16.40% for the non-payers. For the 12-month period ended April, payers were up 4.23%, vs. a loss of 3.40% for the non-payers. The number of dividend increases y-t-d totaled 152, up from 137 a year ago. Four dividends were cut, up from two a year ago. Eight companies initiated a dividend, down from 12 at this point a year ago. In addition to having the highest 2012 estimated earnings growth rate (19.3% according to S&P) of the 10 major sectors in the S&P 500, the technology sector now contributes the second-highest amount of dividends (13.7%) next to consumer staples companies (14.8%), according to S&P Indices. In 2004, the technology sector accounted for just 5.1% of cash payments to stockholders. Technology currently carries a 20.1% weighting in the S&P 500. The sector with the second-biggest weighting is Financials at 14.6%. S&P recently raised its 2012 earnings growth estimate for the S&P 500 from 8.8% to 9.5%.

U.S. Dollar Index (DXY) -0.3% (Apr) -1.8% (YTD) \$ was up 1.5% in '11	CBOE Total Equity Options (# of contracts in millions) Apr: 42.1 (-9.3%) Mar: 46.4 (-2.5%) Record 7/08: 67.2 million	Short Interest (NYSE) Apr 13: 12.9B (+0.8%) Mar 15: 12.8B (+1.6%) Record 7/08: 18.61 billion shares	VIX Volatility Index (S&P 500) 17.15 (4/30) 15.50 (3/30) Record 11/20/08: 80.86
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The Bond Market

Index (Source: Barclays)

	Apr	12-mo.	Yield
U.S. Treasury: Intermediate	0.98%	6.03%	0.70%
GNMA 30 Year	0.70%	7.12%	2.62%
Municipal Bond (22+)	1.33%	18.57%	3.90%
U.S. Aggregate	1.11%	7.54%	2.07%
Intermediate Corporate	1.02%	6.77%	2.66%
U.S. Corporate High Yield	1.05%	5.92%	7.07%
Global Aggregate	1.18%	3.30%	2.11%
Global Emerging Markets	1.26%	8.70%	5.21%

The rise in the yield on the 10-Year T-Note in March (+24 bps to 2.21%) reversed course in April (-29 bps to 1.92%). Recent comments from Fed Chairman Ben Bernanke about being displeased with the high rate of unemployment (8.1%) and low levels of consumption to date in this recovery have influenced trading in the debt markets, in our opinion. His comments sent a not-so-subtle message to investors that, while not likely, there is still a chance for additional quantitative easing. Despite relatively paltry rates, investors continue to buy Treasuries and other investment-grade debt whenever economic data looks soft. Some investors are assuming more risk. EPFR Global reported that U.S. floating-rate (senior loan) funds experienced their biggest inflows (\$729 million) in 11 months in April, according to Bloomberg.

Key Rates as of April 30 Fed Funds 0-0.25% 2-Yr. T-Note 0.26% 10-Yr. T-Bond 1.92% 30-Yr. Mortgage 3.80% Bond Buyer 40 4.52% (Source: Bloomberg)	Key Yield Spread The spread between the Merrill Lynch High Yield Master II Index and the 10-Yr. T-Note was 567 basis points on 4/30/12, up from 545 on 3/30/12. It was 400 on 4/29/11. (Source: Bloomberg)	2012 Debt Issuance Through March (Source: Thomson Reuters) <table> <tr> <th>Debt Category</th><th>\$ Amount</th><th>% change over '11</th></tr> <tr> <td>Treasury</td><td>\$562.9 Billion</td><td>+2.3%</td></tr> <tr> <td>Corporate</td><td>\$402.8 Billion</td><td>+11.4%</td></tr> <tr> <td>Convertible</td><td>\$3.5 Billion</td><td>-64.1%</td></tr> <tr> <td>Asset-Backed</td><td>\$45.8 Billion</td><td>+52.1%</td></tr> <tr> <td>Municipal</td><td>\$78.6 Billion</td><td>+64.2%</td></tr> </table>	Debt Category	\$ Amount	% change over '11	Treasury	\$562.9 Billion	+2.3%	Corporate	\$402.8 Billion	+11.4%	Convertible	\$3.5 Billion	-64.1%	Asset-Backed	\$45.8 Billion	+52.1%	Municipal	\$78.6 Billion	+64.2%
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Equity funds reported net cash outflows totaling \$9.6 billion in 3/12, vs. \$1.4 billion of inflows in 2/12, according to the Investment Company Institute. Bond fund inflows totaled \$31.8 billion, vs. \$34.7 billion of inflows in 2/12. Money Market fund outflows totaled \$70.6 billion, vs. \$3.0 billion of outflows in 2/12. Y-T-D through March, equity funds reported net outflows totaling \$8.6 billion, vs. \$94.6 billion of inflows for bond funds (municipals had inflows totaling \$16.4B) and \$109.9 billion of 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	1397.91	-10.69%	11.88%	1.96%
S&P 500 Growth	763.67	04/02/12	363.99	03/09/09	756.34	-0.96%	12.22%	1.70%
S&P 500 Value	836.19	07/13/07	307.16	03/09/09	634.08	-24.17%	11.47%	2.28%
S&P 400	1015.26	04/29/11	372.88	10/09/02	991.31	-2.36%	13.24%	1.35%
S&P 400 Growth	465.69	07/07/11	162.27	10/09/02	453.99	-2.51%	13.98%	0.89%
S&P 400 Value	361.18	06/04/07	135.55	10/09/02	340.00	-5.86%	12.44%	1.85%
S&P 100	729.79	10/09/07	322.13	03/09/09	635.45	-12.93%	12.13%	2.08%
DJIA	14164.53	10/09/07	6547.05	03/09/09	13213.63	-6.71%	9.01%	2.46%
NASDAQ 100	2784.42	04/02/12	804.64	10/07/02	2723.68	-2.18%	19.91%	0.90%
Russell 2000	865.29	04/29/11	327.04	10/09/02	816.88	-5.59%	10.70%	1.55%
Russell 2000 Growth	497.75	04/29/11	169.69	10/09/02	472.53	-5.07%	11.42%	0.74%
Russell 2000 Value	1276.63	06/04/07	469.32	03/09/09	1070.56	-16.14%	9.98%	2.37%
Russell 3000	907.58	10/09/07	389.61	03/09/09	827.68	-8.80%	12.13%	1.88%
MSCI World x U.S. (USD)	5379.90	10/31/07	1636.59	03/12/03	3971.38	-26.18%	8.50%	N/A
MSCI Emerging Markets (USD)	473.35	10/29/07	79.55	10/10/02	401.81	-15.11%	12.71%	N/A
Bovespa/Brazil (USD)	44638.24	05/19/08	2160.80	10/16/02	32688.40	-26.77%	8.00%	4.45%
RTS/Russia (USD)	2487.92	05/19/08	313.99	08/06/02	1593.97	-35.93%	17.39%	2.59%
Bombay SE 500/India (USD)	226.04	01/07/08	21.10	10/28/02	127.02	-43.81%	16.92%	1.49%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	379.77	-53.13%	8.73%	1.97%
KOSPI/South Korea (USD)	2.29	10/31/07	0.41	03/17/03	1.75	-23.50%	10.64%	1.28%
Hang Seng (USD)	4082.25	10/30/07	1078.13	04/25/03	2718.85	-33.40%	15.04%	3.16%
MSCI Euro (USD)	1988.53	10/31/07	598.84	03/12/03	969.24	-51.26%	5.56%	4.88%
S&P Consumer Discretionary	362.73	04/27/12	125.72	03/09/09	360.96	-0.49%	17.50%	1.47%
S&P Consumer Staples	354.29	04/02/12	182.72	03/10/03	351.85	-0.69%	5.86%	2.83%
S&P Energy	668.81	05/20/08	163.83	07/23/02	533.15	-20.28%	2.87%	1.86%
S&P Utilities	223.91	12/10/07	77.27	10/09/02	181.23	-19.06%	0.17%	3.99%
S&P Financials	509.55	02/20/07	81.74	03/06/09	207.53	-59.27%	19.16%	1.68%
S&P Banks	414.38	02/20/07	49.02	03/05/09	157.05	-62.10%	21.22%	1.79%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	499.84	-26.12%	13.44%	3.17%
S&P Health Care	437.42	04/02/12	252.84	03/05/09	434.26	-0.72%	8.83%	2.14%
S&P Pharmaceuticals	385.17	05/01/02	214.50	03/03/09	349.95	-9.14%	4.79%	3.34%
NYSE Arca Biotechnology	1502.18	05/12/11	280.09	07/10/02	1474.11	-1.87%	35.09%	0.06%
S&P Information Technology	502.11	04/02/12	172.88	10/09/02	487.02	-3.01%	19.19%	0.97%
Philadelphia Semiconductor	560.65	01/12/04	171.32	11/20/08	413.39	-26.27%	13.79%	1.35%
S&P Telecom Services	181.06	05/31/07	79.00	09/30/02	136.12	-24.82%	7.58%	5.11%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	319.81	-16.10%	10.11%	2.24%
S&P Materials	285.91	05/16/08	102.55	10/09/02	231.75	-18.94%	10.19%	2.19%
Philadelphia Gold & Silver	228.95	04/08/11	55.73	07/26/02	164.89	-27.98%	-8.12%	1.92%
Reuters/Jefferies CRB	473.52	07/02/08	197.92	05/06/02	305.95	-35.39%	0.21%	N/A
Merrill Lynch Perpetual Preferred	197.85	05/08/07	51.79	03/09/09	175.87	-11.11%	10.32%	6.90%
Merrill Lynch High Yield Master II	289.48	04/30/12	106.67	10/10/02	289.48	0.00%	6.22%	7.59%