

WEEKLY MARKET WRAP

APRIL 24 – APRIL 30, 2010

This past week was definitely not lacking in news flow. From sovereign debt issues to earnings to oil spills to lawsuits, there was plenty to keep investors on their toes. Unfortunately, the negative news won out. For the week: Dow (-1.7%), S&P 500 (-2.5%), Nasdaq (-2.7%).

Earnings results this week were generally better than expected with many companies raising their outlook for the year. Unfortunately, the stocks had difficulty moving higher as the upside to earnings seemed to have been expected by investors as well as overshadowed by other news in the headlines.

Stocks languished early in the week as Standard & Poor's downgraded the sovereign debt of Greece to junk status and reduced ratings on Spain and Portugal. Greece's fiscal problems and the role the European Union and International Monetary Fund will play in supporting the troubled country continued to raise concern among investors.

Goldman Sachs remained in the headlines. The SEC continued to pursue its civil lawsuit alleging the company misled investors with regard to collateralized debt obligations linked to subprime mortgages. It was then reported on Friday that federal prosecutors are pursuing a criminal fraud case.

Concern over the oil spill in the Gulf of Mexico intensified as the well appears to be leaking more oil than previously thought and unfavorable weather pushed the oil slick closer to shore. The spill is now drawing comparisons to the infamous Exxon Valdez.

The latest FOMC policy statement was a nonevent this week as the Fed continued the same song and dance. It maintained the fed funds target at 0.00% to 0.25% and stated it will keep rates exceptionally low for an extended period of time. It also pointed to signs that the economy and labor market continued to show signs of improvement. On the heels of this statement, first quarter GDP was released on Friday showing the economy grew 3.2%.

Treasuries rallied this week as the yield on the 10-Year T-Note fell to 3.65%, the lowest level in over a month. Yields move inversely to price.

The housing market continued to show improvement. The S&P/CaseShiller 20-City Composite rose 0.6% in February, the first year-over-year increase in home prices since August 2006.

Have a great weekend!