

## Monthly Summary

After a strong performance in the first quarter, the investment markets performed an encore in April. All asset classes and market segments delivered gains. Positive momentum, continued easy money from the Fed, and a favorable earnings outlook were the main drivers.

Economic statistics were mixed during the month and geopolitical uncertainties continued. Gross domestic product for the first quarter rose a disappointing 1.8% as consumer activity moderated and government spending fell for the second quarter in a row. The unemployment rate ticked down in March and payroll growth was the strongest in a year. Initial jobless claims, however, moved back into the 400,000's, which was disappointing. ISM indexes declined yet remain in expansionary territory. Real estate continues to be weak with transaction volumes lingering at depressed levels and housing price declines accelerating. Inflationary pressures are mounting globally with central banks becoming increasingly hawkish. A notable exception is the U.S. Federal Reserve which believes inflation expectations are in check and rising food and energy prices are transitory. The resulting interest rate differential between the U.S. and other economies puts downward pressure on the dollar and contributes to a rise in commodity prices. Fed policy and inflationary pressures will be critical to monitor in coming months.

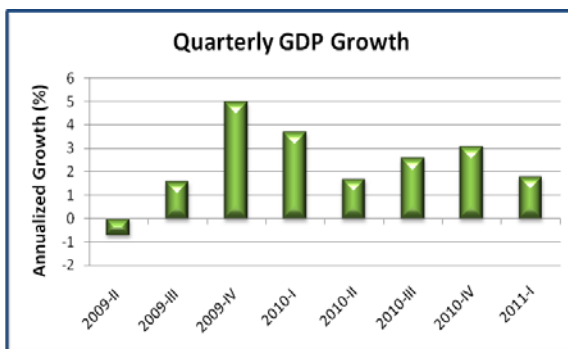
Fiscal problems continue at home and abroad. Portugal became the third euro-zone nation to seek a bailout and Standard & Poor's revised its outlook on U.S. government debt to negative. Meanwhile, U.S. lawmakers agreed upon a budget at the 11<sup>th</sup> hour, avoiding a government shutdown, but an increase in the debt ceiling hangs in the balance. Middle East tensions remain and NATO operations in Libya continue.

## April's Economic Releases

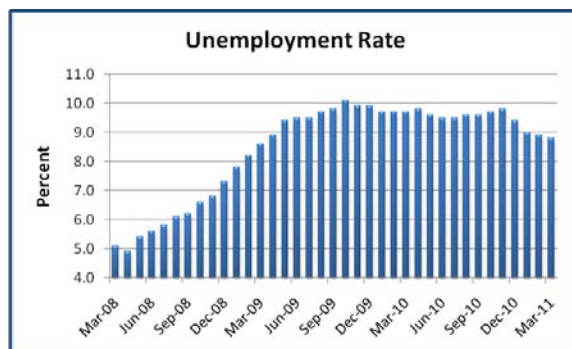
<u>General</u>	<u>Prior</u>	<u>Current</u>
GDP growth	3.1% (Q4)	1.8% (Q1)
Trade balance	-\$47.0 B (Jan)	-\$45.8 B (Feb)

<u>Employment</u>	<u>Prior</u>	<u>Current</u>
Initial jobless claims	404,000	429,000
Continuing claims	3.7 MM	3.6 MM
Nonfarm payrolls	194,000 (Feb)	216,000 (Mar)
Unemployment rate	8.9% (Feb)	8.8% (Mar)
Average weekly hours	34.3 (Feb)	34.3 (Mar)

<u>Consumer</u>	<u>Prior</u>	<u>Current</u>
Consumer confidence index (Conf. Board)	63.8 (Mar)	65.4 (Apr)
Retail sales growth (YoY)	8.2% (Feb)	7.3% (Mar)
Consumer credit	\$4.4 B (Jan)	\$7.6 B (Feb)



Data Source: U.S. Bureau of Economic Analysis



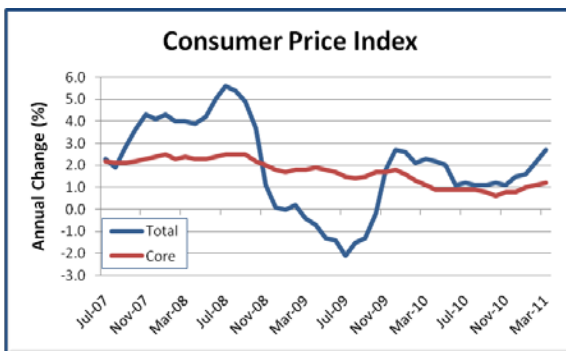
Data Source: U.S. Bureau of Labor Statistics



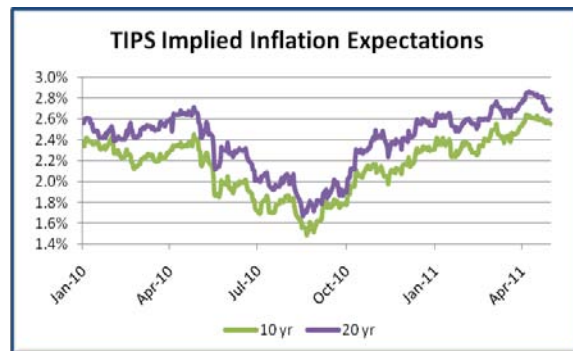
<b>Manufacturing &amp; Service</b>	<b>Prior</b>	<b>Current</b>
ISM manufacturing index	61.4 (Feb)	61.2 (Mar)
ISM non-manufacturing index	59.7 (Feb)	57.3 (Mar)
Durable goods orders growth	0.7% (Feb)	2.5% (Mar)
Industrial production growth	0.1% (Feb)	0.8% (Mar)
Capacity utilization	76.9% (Feb)	77.4% (Mar)

<b>Real Estate</b>	<b>Prior</b>	<b>Current</b>
New home sales	270,000 (Feb)	300,000 (Mar)
Existing home sales	4.9 MM (Feb)	5.1 MM (Mar)
Case-Shiller home price index (YoY)	-3.1% (Jan)	-3.3% (Feb)

<b>Inflation</b>	<b>Prior</b>	<b>Current</b>
Consumer price index/Core (YoY growth)	2.1%/1.1% (Feb)	2.7%/1.2% (Mar)
Producer price index/Core (YoY growth)	5.6%/1.8% (Feb)	5.8%/1.9% (Mar)



Data Source: U.S. Bureau of Labor Statistics



Data Source: U.S. Treasury

### Market Returns

The S&P 500 index gained 3.0% for the month and is now up 9.1% for the year. Internationally, the MSCI EAFE Developed Markets index returned 6.0% in April while the corresponding Emerging Markets index gained 3.1% for the period. Year-to-date, international developed and emerging markets rose 9.5% and 5.2%, respectively. Dollar weakness materially enhanced international investment returns for the month and year.

In the fixed income market, the Barclays U.S. Aggregate index was up 1.3% for the month and the 10-year U.S. Treasury bond ended with a yield of 3.32%, down 15 bps for the month and flat for the year. Year-to-date, the Barclays U.S. Aggregate has gained 1.7%. Commodities and real estate (publicly traded REITs) posted April gains of 3.5% and 4.7%, respectively.

**Disclaimers:** This market commentary was produced by Summit Financial Resources, Inc., 4 Campus Drive, Parsippany, NJ 07054. Tel: 973-285-3600, Fax: 973-285-3666. Sources of performance and economic statistics: Morningstar® and Bloomberg. Indices are unmanaged and cannot be invested into directly. The investment and market data contained in this newsletter is not an offer to sell or purchase any security or commodity. Standard & Poor's 500 Index (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The MSCI Developed Markets and Emerging Markets Indexes were created by Morgan Stanley Capital International (MSCI) and designed to measure equity market performance in global developed and emerging markets, respectively. The Barclays Aggregate Bond Index is a market capitalization-weighted index comprised of government securities, mortgage-backed securities, asset-backed securities, corporate securities, and a small number of foreign bonds traded in the U.S. It is used to represent the universe of bonds in the domestic market. REITs, Real Estate Investment Trusts, are securities that invest in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, however, have liquidity constraints. Past performance does not guarantee future results. Information throughout this Newsletter, whether stock quotes, charts, articles, or any other statement or statements regarding markets or other financial information, are obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Neither we nor our information providers shall be liable for any errors or inaccuracies, regardless of cause, or the lack of timeliness of, or for any delay or interruption in the transmission thereof to the reader. To unsubscribe from this investment newsletter please reply to this email with "unsubscribe" in the subject. Opinions expressed are subject to change without notice and are not intended as investment advice or a guarantee of future performance. Consult your financial professional before making any investment decision.



Robert L. Iola, Jr., CLU, ChFC is a registered representative with Summit Financial Resources, Inc. and Summit Equities, Inc. Securities and Investment Advisory Services offered through **Summit Equities, Inc.**, Member FINRA/SIPC, and Financial Planning Services offered through **Summit Financial Resources, Inc.** 4 Campus Drive, Parsippany, NJ 07054. Tel. 973-285-3600 Fax. 973-285-3666.