

If you are having trouble reading this email, [read the online version](#).  
Please do not reply to this email



May 1, 2008

### **April Gains Surprise the Street**

On Wednesday, despite all of the doom and gloom from media talking heads of late, there were several indications that the markets are not so badly off as one might be lead to believe. GDP growth was reported at 0.6%, higher than the 0.5% forecast by industry analysts, and the Fed made the expected, and possibly final, 25-basis point rate cut, bringing the Fed Funds Rate down to 2.0%. Both were welcome pieces of news (well, perhaps not to those who make their living loudly proclaiming that the sky is falling), and we thought it would be a good opportunity to run down some other market positives that may have been overshadowed by negativity in recent weeks.

The PCE deflator, which measures the prices paid for goods by consumers and an indicator looked to by the Fed to gauge inflation, rose by 3.5%, down from a 3.9% gain in the fourth quarter of 2007. The core PCE figure, which excludes energy and food prices, was up 2.2% compared to a 2.5% rise in Q4 2007, placing it closer to what is believed to be the Fed's target range of 1% to 2% (which may have been a factor in the Fed hinting that it was done cutting rates for now, although their April 30<sup>th</sup> meeting statement did leave the door open for further activity).

Citigroup's \$5.1 billion loss was good news, if a loss of that magnitude can be labeled "good," as it was significantly lower than expected, and investors came away thinking that maybe the nightmare is finally over for the banking giant, but it was nothing compared to the huge gains in profits for Google. Caterpillar, a company we see as one of several bellwethers of export strength, reported strong overseas sales. Honeywell International and Schlumberger were also big winners with overseas business contributing to a strong first quarter—a theme among a number of larger companies with businesses spread around the globe.

Last week's report on first-time jobless claims were lower than expected, reversing a trend, which is also a positive. Of course, as with numbers that were previously moving in the other direction, this weekly series is riddled with anomalies, so its importance should not be overestimated.

### **In This Issue**

- April Gains Surprise the Street

The durable goods orders report for March was mixed, with transportation orders taking the number down, but ex-transport orders showing a nice gain. Like the jobless claims numbers, month-to-month or week-to-week variations need to be smoothed to get a rational view. And our view is that this is still a bifurcated market, and economy, as readings on earnings, labor and even credit and liquidity make abundantly clear.

The press continues to stoke fear in the market, as cash builds up looking, eventually, for a place to go. The largest headline type seems to be reserved for negative news, and more positive reports on profits at companies like AT&T, Boeing, McDonald's (which despite lower same store sales in the U.S. was strong globally), Yum Brands and Norfolk Southern were given shorter shrift. Ford Motor swung to a \$100 million profit, and while analysts were unhappy with Apple's margins, the company still had a strong quarter. Dow Chemical sees strength around the globe and, with its reach into most corners of the U.S. and global economies, doesn't see a dramatic economic contraction.

So where does all of this leave us? More or less right where we want to be: in the thick of things, with our clients' money in the markets and not on the sidelines gathering dust. They've been on board for the nearly 1,000-point gain in the Dow Jones Industrial Average over the last month and a half, and are well-positioned for future growth as well. Our best advice is to turn off the TV, tune out those who sell panic for a living and stay put in the markets with a disciplined, long-term investment plan.

## About Adviser Investments

Adviser Investments is an independent, professional money management firm specializing in Fidelity and Vanguard mutual funds. With 1,400 clients and \$1.2 billion dollars under management, Adviser is one of the nation's largest mutual fund research and money management firms. Our staff of 35 investment professionals focuses on helping individual investors, trusts, foundations, and institutions meet their investment goals. Our minimum account size is \$350,000.

For more information, please visit [www.adviserinvestments.com](http://www.adviserinvestments.com) or call 800-492-6868.

You are receiving emails from Adviser Investments at the email address of **EmailAddress** because you have agreed to receive updates and information about Adviser Investments via email. To unsubscribe from further email based communications and special offers, please [click here](#) For more information you can also see our [Privacy Policy](#).

Adviser Investments  
85 Wells Avenue  
Newton, MA 02459  
USA

Powered by  ELOQUA