

## Economic Update

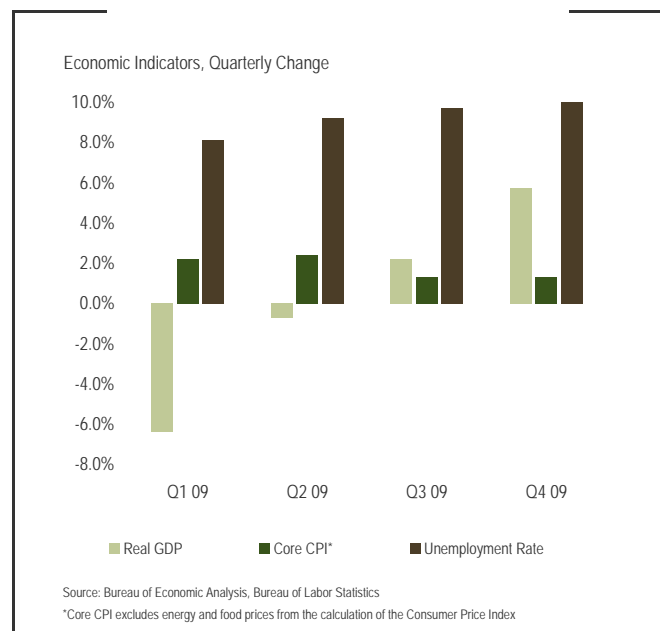
U.S. payrolls added 290,000 jobs in April, according to the Department of Labor, marking the greatest monthly gain since March 2006. The unemployment rate increased modestly to 9.9%, indicating that more people are seeking work. Although this rate exceeded the consensus estimate reported by Bloomberg, many economists have expected the jobless rate to tick higher as the labor participation rate increases. Job growth occurred across several industries, most notably in the manufacturing sector, which suffered significant job losses throughout the recession.

Personal spending picked up again in March, as shown by data released early this week by the U.S. Department of Commerce. Personal consumption expenditures advanced 0.6% as personal income increased by 0.3%. Personal saving, as a percentage of disposable personal income, decreased slightly to 2.7%. This marked the third consecutive month of a decreasing personal savings rate.

The Institute for Supply Management (ISM) announced that the manufacturing sector continued to expand at an accelerated rate in April. The non-manufacturing sector grew as well. ISM noted that survey respondents' comments are "mostly positive about current business conditions; however, they vary by industry and company." The JPMorgan Global Manufacturing and Services PMI, produced in association with Markit Economics, indicated that world economic growth reached the highest level since June 2007. While the manufacturing sector continued to lead the global economic recovery, service sector gains have also started to reinforce the recovery.

Early this week, Greece came to an agreement with the International Monetary Fund (IMF), the European Commission, and the European Central Bank for a specific program to help stabilize the economy. The IMF also noted that the agreement will seek to improve Germany's competitive positioning and restore market confidence. Later in the week, however, the rapid pullback in the market was partially attributed to ongoing concerns about Greece, signaling investors' worry that the Greek solvency crisis may become a broader liquidity crisis.

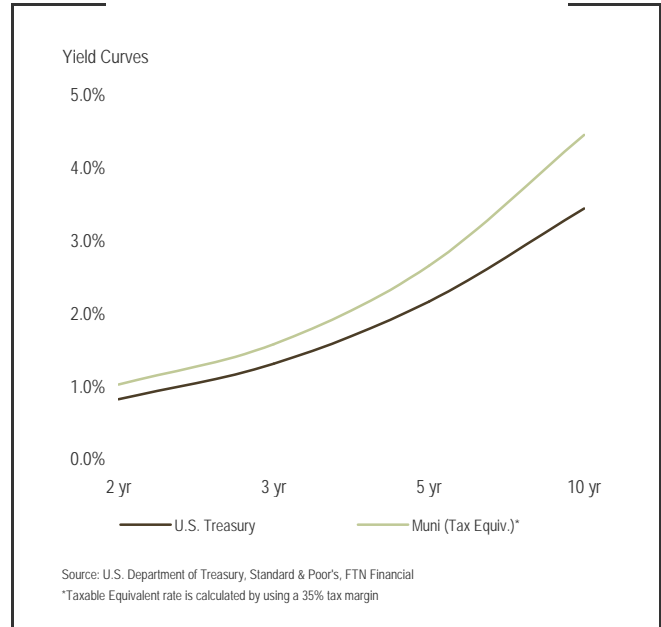
Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, U.S. Department of Commerce, the Institute for Supply Management, Markit Economics, the International Monetary Fund.



May 3 <sup>rd</sup>	Domestic Motor Vehicle Sales, April	8.5M
May 3 <sup>rd</sup>	ISM Mfg. Index - Level, April	60.4
May 3 <sup>rd</sup>	Construction Spending, March Monthly Chg.	0.2%
May 4 <sup>th</sup>	ICSC-Goldman Same Store Sales, Wkly. Chg.	-0.4%
May 4 <sup>th</sup>	Factory Orders, March Monthly Chg.	1.3%
May 4 <sup>th</sup>	Pending Home Sales, March Monthly Chg.	5.3%
May 5 <sup>th</sup>	MBA Purchase Applications Index, Wkly. Chg.	13.0%
May 5 <sup>th</sup>	Announced Layoffs, April	38,326
May 5 <sup>th</sup>	ISM Non-Mfg. Index, April	55.4
May 5 <sup>th</sup>	EIA Petroleum Status Report, Wkly. Chg.	2.8M Barrels
May 6 <sup>th</sup>	Initial Jobless Claims ( Week ending 5/1)	444,000
May 6 <sup>th</sup>	EIA Natural Gas Report, Wkly. Chg.	83 bcf
May 7 <sup>th</sup>	Non-farm Payrolls, April Monthly Chg.	290,000
May 7 <sup>th</sup>	Unemployment Rate, December	9.9%
May 7 <sup>th</sup>	Consumer Credit, March Monthly Change	2.0B

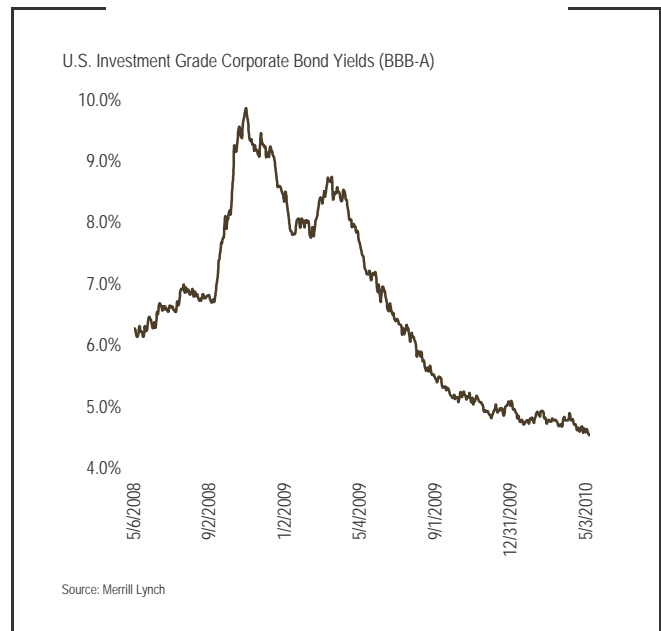
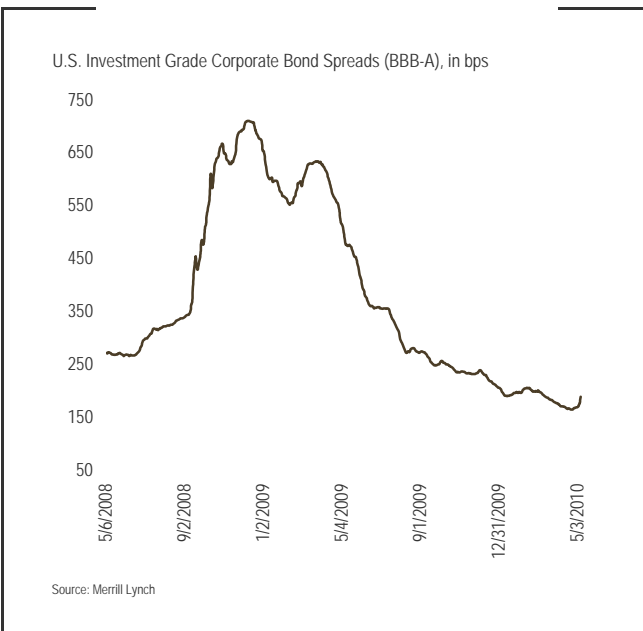
Bond Market Update

U.S. Treasuries rallied soundly for the second straight week as large stock market losses and continued concerns over Greece's fiscal position fueled another flight-to-safety trade. Marking the strongest two-week rally since December 2008 when the Fed cut interest rates to zero and said it would buy long-term debt, the yield on the 10-year note dropped 0.38%. Against this backdrop, futures on the CME exchange now suggest a 56% chance policy makers will raise the Fed funds rate by at least 25 basis points by December, compared with 75% odds a month ago, according to Bloomberg. Meanwhile, bonds from Europe's most indebted nations fell significantly again amid the region's growing debt crisis. "The market was already under pressure because of the growing recognition that the crisis in Greece has gone from being a Greek problem to a regional problem and now it's morphing into a global problem," said Mohamed El-Erian, Pimco's CEO. Adding to investor anxieties is the growing possibility that Greece may default on some of its outstanding debt, as the riots in the streets illustrate that raising taxes and cutting spending have not been well received among the populists. To help allay mounting concerns, the Group of Seven (G7) nations announced a conference call late Friday to "discuss" the country's fiscal situation.



Issue	4.30.10	5.7.10	Change
3 month T-Bill	0.17%	0.13%	-0.04%
2-Year Treasury	1.01%	0.83%	-0.18%
5-Year Treasury	2.49%	2.17%	-0.32%
10-Year Treasury	3.76%	3.45%	-0.31%
30-Year Treasury	4.60%	4.28%	-0.32%

Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Stock Market Update

Stocks plunged this week as the Dow Jones Industrial Average (DJIA) lost 628.18 points, or 5.71%, to close at 10,380.43, but it was the wild intraday swings on Thursday that left investors nervous heading into the weekend. The broader S&P 500 lost 75.8 points, or 6.39%, to close at 1,110.88.

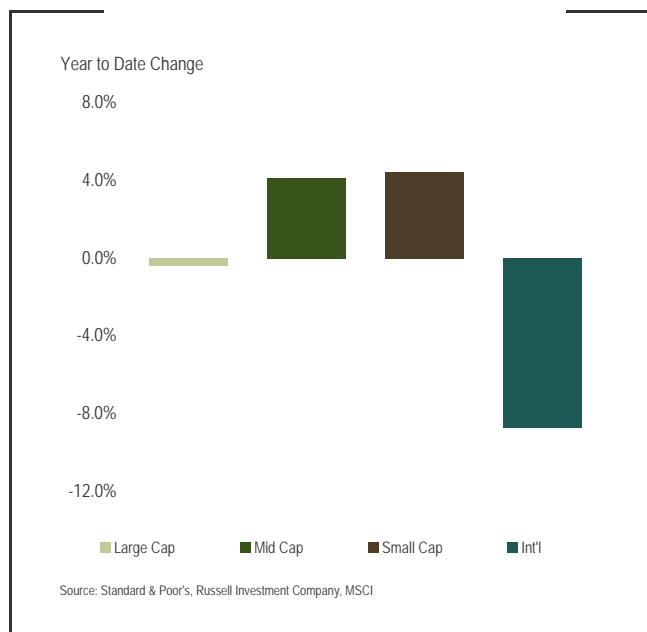
On Thursday, with the DJIA already down over 200 points on concerns over riots in Greece, the selling accelerated at about 2:30 pm eastern. About 15 minutes later, with the Dow off over 400 points, the index plummeted another 500 points. The market recovered those 500 points just 15 minutes later, leaving investors to wonder what had happened. While official investigations are underway, the Wall Street Journal reports that key computer-based traders disabled their trading algorithms as the market declined, removing a key source of liquidity. Additional reports of a large trading error, in which a trader mistakenly made a multi-million dollar trade into a multi-billion dollar trade may have exacerbated the pull-out of algorithmic traders as stocks plummeted below key technical levels.

On Monday, United Airlines (UAL) announced plans to merge with Continental Airlines (CAL) in a \$3 billion stock-for-stock deal. The merger, subject to regulatory approval, would create the world's largest airline by traffic volume, according to the Wall Street Journal, and is expected to create \$1 billion in annual cost savings by 2013.

Freddie Mac, after posting a \$6.7 billion quarterly loss, announced that it would need an additional \$10.6 billion from the U.S. Treasury. Real estate losses continue to erode the balance sheet of company, which was taken over under conservatorship by the federal government in 2008.

Issue	4.30.10	5.7.10	Change
Dow Jones	11,008.61	10,380.43	-5.71%
S&P 500	1,186.69	1,110.88	-6.39%
NASDAQ	2,461.19	2,265.64	-7.95%
Russell 1000 Growth	526.83	493.05	-6.41%
S&P MidCap 400	823.06	756.64	-8.07%
Russell 2000	716.6	653	-8.88%
MSCI EAFE	1,548.39	1,435.69	-7.28%
MSCI EM	1,014.08	948.35	-6.48%
MSCI Small Cap	149.77	140.31	-6.32%

Prices reflect most recent data available at the time of publication  
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



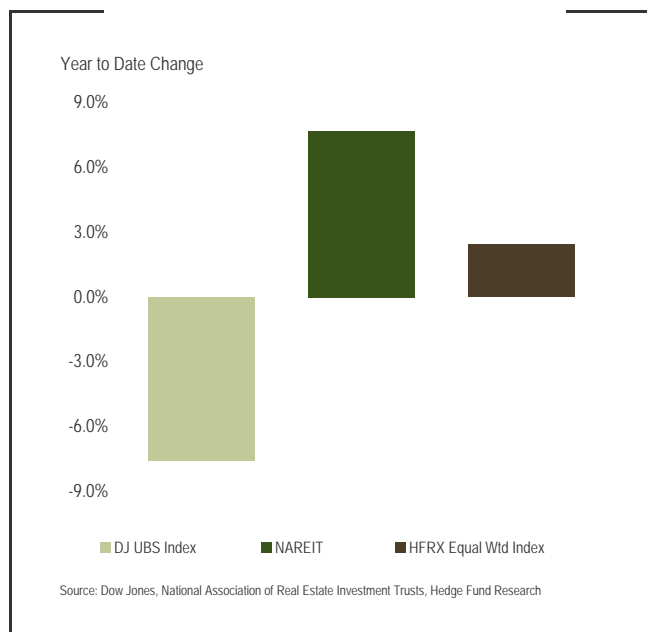
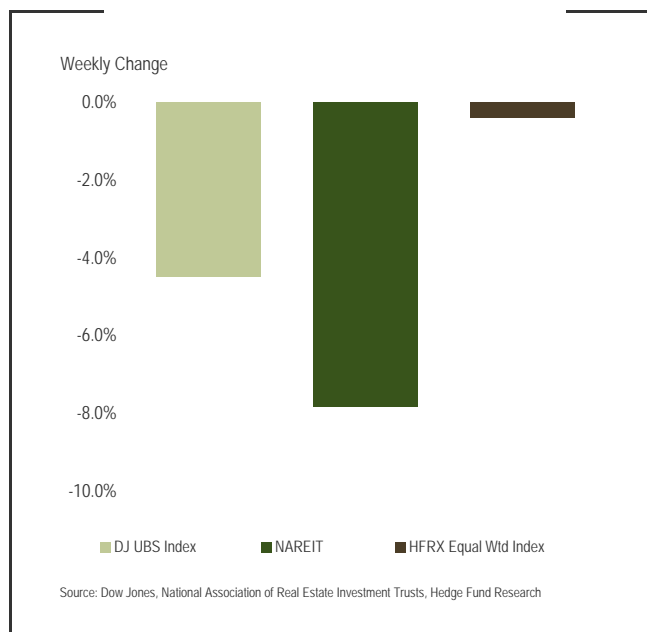
Alternative Investments Market Update

The week began with gold at high levels on continued worries over European sovereign debt. Crude oil remained relatively neutral in Monday's trading. Volatility began brewing Tuesday as footage of violent protests in Greece hit U.S. airwaves. On worries that Greece's debt crisis would move beyond its borders, the Euro fell and the dollar rallied. Dollar strength helped pressure prices of oil and copper lower by nearly 5% each on Tuesday. Wednesday brought news of a slowdown in Chinese industrial production, which saw copper make a 5% intraday swing, nearly breaking below \$3 per ounce. However, the biggest moves in commodities this week coincided with the unusual stock market volatility on Thursday. Oil dropped another 5%, beginning with a gap opening below \$80 per barrel and closing just above \$76. At the height of Thursday's volatility, when equities were off nearly 10%, gold had increased \$48 or 4%. Though equities closed down 3% for the day, gold held on to a \$17 gain. Friday's action was nearly as volatile as Thursday's. Oil fell another \$2, but gold was flat and silver gained \$0.94 to close at \$18.45 an ounce.

A recent study completed by the National Association of Real Estate Investment Trusts attempted to demonstrate higher real estate investment trusts (REIT) returns compared to real estate investments in private equity partnerships. According to the report, over a 19 year period ending in 2007, public REITs had an average return of 13.4% compared to 12.1% for private equity.

Issue	Previous Week	Current <sup>1</sup>	Change
Gold	1,179.10	1,208.60	2.50%
Crude Oil Futures	85.97	75.32	-12.39%
Copper	335.65	315.05	-6.14%
Sugar	15.15	13.75	-9.24%
HFRX Equal Wtd. Strat. Index	1,143.06	1,138.71	-0.38%
HFRX Equity Hedge Index	1,150.00	1,136.56	-1.17%
HFRX Equity Market Neutral	1,000.98	995.33	-0.56%
HFRX Event Driven	1,386.92	1,382.33	-0.33%
HFRX Merger Arbitrage	1,477.01	1,470.79	-0.42%
Dow Jones UBS Commodity Index	134.70	128.66	-4.49%
FTSE/NAREIT All REIT	131.25	120.99	-7.82%

<sup>1</sup> Prices reflect most recent data available at the time of publication  
Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research, Bloomberg, The Wall Street Journal, The International Monetary Fund.



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