

The stock market continued on its upward path in the first quarter, building upon gains from the last three quarters of 2009. The one year return for the S&P 500 as of March 31st stood at an impressive 49.77%.

Signs of improvement in both the economy and corporate earnings helped drive the stock market higher. GDP for the 4th quarter of 2009 was reported at 6.1%, the highest quarterly showing since 2006. Earnings reported during the quarter were better than expected, as 4th quarter '09 S&P 500 earnings grew 47% from depressed 4th quarter '08 levels.

Most economic sectors provided positive returns for the quarter. Sectors more sensitive to an economic recovery performed best, with the industrial and consumer discretionary sectors each up more than 10%. Financial stocks also rallied as many banks reported that the growth in bad loans is slowing. Money flowed out of less economically sensitive sectors, as both the utilities and telecomm sectors posted small declines.

While 1-year stock market returns are very strong, much of the gain was just a reversal of the steep decline in 2008 and early 2009. Current valuations in the equity market appear reasonable given the improving economy.

Return of Various Market Indices								S&P 500 Economic Sector Returns		
Index	Last Month	Last Quarter	Year-to-Date	Data as of: March-2010 [periods > 1 year annualized]				Wgt.	Sector	YTD Return
				1 Year	3 Year	5 year	10 Year			
3-Mo US T-Bills (Cash)	0.01%	0.01%	0.01%	0.08%	1.68%	2.70%	2.62%	10.3%	Industrial	12.94%
Barclays 1-3 Year Gov't Bonds	-0.22%	0.72%	0.72%	1.81%	4.79%	4.38%	4.59%	15.0%	Financial	11.28%
Barclays Gov't/Corp Bonds	-0.35%	1.55%	1.55%	7.51%	5.84%	5.17%	6.22%	9.7%	Consumer Discr.	10.48%
Dow Jones Industrial Average	5.31%	4.82%	4.82%	46.93%	-1.48%	3.34%	2.26%	11.5%	Consumer Staple	5.85%
DJ Wilshire 5000	6.33%	6.24%	6.24%	52.88%	-3.55%	2.82%	0.06%	12.8%	Health Care	3.41%
S&P 500 Composite	6.04%	5.39%	5.39%	49.77%	-4.17%	1.92%	-0.65%	3.5%	Technology	2.88%
S&P/Citigroup Growth	5.70%	3.71%	3.71%	45.44%	-1.01%	2.44%	-3.69%	19.1%	Materials	1.90%
S&P/Citigroup Value	6.37%	7.09%	7.09%	54.68%	-7.41%	1.26%	2.03%	11.3%	Energy	0.64%
S&P 500 Utilities Sector	2.75%	-3.54%	-3.54%	21.01%	-5.74%	4.19%	3.77%	3.6%	Utility	-3.48%
Russell 2000 (Smallcap Stocks)	8.14%	8.85%	8.85%	62.76%	-3.99%	3.36%	3.68%	3.0%	Telecomm	-4.32%
MSCI EAFE (Int'l Stocks)	6.31%	0.94%	0.94%	55.20%	-6.55%	4.24%	1.68%	100%	S&P 500	5.39%

Source: Ibbotson Associates & Bloomberg LP