

## Today's Market Highlights - 4/2/09

- Good news on the economic front yesterday
  - The Institute for Supply Mgmt (or ISM) index climbed to 36.3 in March, the third consecutive increase
    - Now remember, any time the index is below 50, it means contraction, so don't get too excited, but the index is stabilizing and beginning to show improvement...
    - Again, at this point for many of these indicators, it's all about stabilization!
  - Pending home sales were also up 2.1% in February
    - This is a leading indicator, because it tracks contract *signings*
    - People are finally coming out and buying foreclosed homes and taking advantage of tax incentives and extremely low interest rates
  - Treasury Sec. Geithner indicated yesterday during an interview he sees "encouraging signs" the markets are finally stabilizing and recovering
    - The markets are encouraged as well, especially as the G-20 are meeting and discussing stimulus plans for the global economy
  - GM and Toyota had smaller March sales declines than forecast
    - Automakers are again spending quite a bit on incentives
    - Now, just because they didn't sink as much as forecast doesn't mean the numbers were good
      - GM sales slid 45% vs. 48% projected
      - Ford's sales fell 41% vs. 45% projected
      - Chrysler sales were 39% vs. 46% projected
        - So see, still pain even with incentives...cars sales are at fire sale prices...hard to make anything from these numbers other than continued pain for the autos
  - Initial claims announced this morning were up 669k, higher than the expected 650k...still signs the labor market is weak
    - Remember, this is a lagging indicator and more weakness is expected to continue...not surprising for the market
    - Ever so slight stabilization (I guess you can tell this is the word of the hour)
    - Most expect these numbers to equate to the unemployment rate tomorrow to come in around 8.5% (now at 8.1%)
    - The hope is these figures moderate in the summer and we begin to see improvement in the next few months
      - I think a lot of folks are hoping for *their* figures to moderate in the summer!
- BofA CEO Ken Lewis said this morning his bank may be able to repay some of its TARP money in the next few quarters if there are signs the economy is improving
  - He was told by the president don't repay too fast before we are sure the financial system is truly in "proper shape"
- Non-farm payroll and unemployment numbers announced tomorrow at 8am...this is what everyone has been waiting for lately, although most are expecting continued weakness

- Let's hope we continue to see signs of improvement or, yes, stabilization, from other indicators in the next few weeks
- Stocks up nicely yesterday at +152.68 on the Dow
  - Pre-market trading up 101
    - NASDAQ only down 1.61% YTD...could we see positive territory soon???
- Oil back over \$51/barrel as economic signs have been positive
- Just over the Bloomberg headlines this morning as I write this:
  - FASB finally voted to relax fair-value rules...anxious to see how this impacts the markets this morning
  - It appears this will be able to be applied to first-quarter results
- Treasuries
  - 2-yr: 0.85%
  - 10-yr: 2.72%
  - 30-yr: 3.55%
- LIBOR
  - 1-month: 0.49% (these levels have been easing over recent weeks...which is a good sign)
  - 3-month: 1.17%
- Fed funds
  - Effective was 0.16% again yesterday, trading right on 0.19% this morning