

## The Economy

Nonfarm payrolls grew by 288,000 in April. While it was only the fourth time since the start of 2012 that the monthly payroll number surpassed 250,000, it was the 43<sup>rd</sup> consecutive month of positive job growth. The Labor Department reported in April that the number of job openings in the U.S. stood at 4.2 million in February. Companies in cities across the nation are struggling to find qualified workers. A report from the Materials Handling Industry noted that the logistics industry, which is approximately \$1.3 trillion in size, will be looking to fill around 1.4 million jobs by 2018, according to *Fortune*. The Society of Human Resource Management reported that 67% of manufacturers looking to hire full-time employees can't find enough skilled individuals.

<b>Consumer Confidence</b> <b>82.3</b> (Apr) 82.3 (Mar)	<b>Crude Oil (Mo.-End)</b> <b>\$99.74</b> (Apr) \$101.58 (Mar)	<b>Personal Spending</b> <b>+0.9%</b> (Mar) Feb was +0.3%	<b>ISM Manufacturing</b> <b>54.9</b> (Apr) 53.7 (Mar)	<b>ISM Non-Manufacturing</b> <b>55.2</b> (Apr) 53.1 (Mar)
<b>Gold (Mo.-End)</b> <b>\$1295.90</b> (Apr) \$1283.40 (Mar)	<b>Natural Gas (Mo.-End)</b> <b>\$4.82</b> (Apr) \$4.37 (Mar)	<b>Factory Orders</b> <b>+1.1%</b> (Mar) Feb was +1.6%	<b>New Home Sales</b> <b>384,000</b> (Mar) 440,000 (Feb)	<b>Existing Home Sales</b> <b>4.59M</b> (Mar) 4.60M (Feb)

## The Stock Market

### Indices (Source: Bloomberg)

	Apr	12-mo.
S&P 500	0.7%	20.4%
DJIA	0.9%	14.4%
NASDAQ 100	-0.3%	25.8%
S&P 400	-1.6%	18.6%
Russell 2000	-3.9%	20.5%
Russell 3000	0.1%	20.8%
MSCI World (ex U.S.) (USD)	1.6%	13.1%
MSCI Emerging Markets (USD)	0.3%	-1.8%

### Growth/Value (Source: Bloomberg)

	Apr	12-mo.
S&P 500 Growth	0.3%	21.0%
S&P 500 Value	1.2%	19.8%
S&P 400 Growth	-2.8%	16.0%
S&P 400 Value	-0.3%	21.2%
Russell 2000 Growth	-5.1%	21.5%
Russell 2000 Value	-2.6%	19.6%

Seventy-two out of the 132 subsectors (55%) that comprise the S&P 500 posted a gain in April, down from 81 (61%) last month, according to S&P Dow Jones Indices. Energy was the best performing sector, up 5.15%. In April, the dividend-payers (421) in the S&P 500 (equal weight) posted a total return of 0.91%, vs. -2.36% for the non-payers (79), according to Standard & Poor's. Year-to-date, the payers were up 3.48%, vs. a gain of 2.82% for the non-payers. For the 12-month period ended April 2014, payers were up 27.57%, vs. a gain of 31.47% for the non-payers. The number of dividend increases in April totaled 36, down from 44 a year ago. Two companies decreased their dividend, down from four a year ago. Year-to-date through April, the two best performing sectors, by total return, in the S&P 500 were Utilities, up 14.77%, and Energy, up 5.98%. Ironically, these two sectors were also the two best performers for the 10-year period ended March 2014. The S&P 500 Energy Index posted an average annual total return of 12.95%, followed by an average gain of 9.72% for the S&P 500 Utilities Index. Both of these sectors have estimated earnings growth rates higher than the broader market for 2014. As of 4/29, their estimated 2014 earnings growth rates were 13.83% (Utilities) and 13.08% (Energy), compared to 11.69% for the S&P 500, according to S&P Dow Jones Indices.

<b>U.S. Dollar Index (DXY)</b> <b>-0.8%</b> (Mar) -0.7% (YTD) \$ was up 0.3% in '13	<b>CBOE Total Equity Options</b> (# of contracts in millions) Apr: <b>39.4</b> (-3.7%) Mar: 40.9 (+1.2%) Record 7/08: 67.2 million	<b>Short Interest (NYSE)</b> Apr 15: <b>14.3B</b> (-2.7%) Mar 14: 14.7B (+2.8%) Record 7/08: 18.61 billion shares	<b>VIX Volatility Index (S&amp;P 500)</b> <b>13.41</b> (4/30) 13.88 (3/31) Record 11/20/08: 80.86
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## The Bond Market

### Index (Source: Barclays)

	Apr	12-mo.	Yield
U.S. Treasury: Intermediate	0.36%	-0.93%	1.13%
GNMA 30 Year	0.94%	0.01%	3.09%
Municipal Bond (22+)	1.59%	-0.79%	3.91%
U.S. Aggregate	0.84%	-0.26%	2.31%
Intermediate Corporate	0.79%	1.01%	2.33%
U.S. Corporate High Yield	0.63%	6.30%	5.04%
Global Aggregate	1.13%	1.62%	1.91%
EM Hard Currency Agg.	1.16%	0.45%	4.74%

The yield on the benchmark 10-Year T-Note fell 7 basis points to 2.65% in April. It was up 98 basis points from 4/30/13. The Federal Reserve announced that it is reducing its monthly bond purchases from \$55 billion to \$45 billion. The Fed's balance sheet of assets stood at \$4.29 trillion at the close of April, compared to \$883 billion in April 2007. The absence of any significant inflationary pressures, both domestically and abroad, as well as the dismal 0.1% real GDP growth rate in the U.S. in Q1'14, is helping to support bond prices in the near-term. The harsh winter weather season was a major impediment to economic activity throughout much of the U.S. in Q1'14, in our opinion. We see a sharp rebound coming in Q2'14. Municipal bonds posted another good showing in April, and were the top performing category over the past six months.

<b>Key Rates as of April 30</b> Fed Funds 0-0.25% 2-Yr. T-Note 0.41% 10-Yr. T-Note 2.65% 30-Yr. Mortgage 4.24% Bond Buyer 40 4.63% (Source: Bloomberg)	<b>Key Yield Spread</b> The spread between the Merrill Lynch U.S. High Yield Constrained Index and the 10-Yr. T-Note was 311 basis points on 4/30/14, down from 345 on 3/31/14. It was 449 on 4/30/13. (Source: Bloomberg)	<b>2014 Debt Issuance Through March</b> (Source: Thomson Reuters) <table border="1"> <thead> <tr> <th>Debt Category</th> <th>\$ Amount</th> <th>% change over '13</th> </tr> </thead> <tbody> <tr> <td>Treasury</td> <td>\$564.3 Billion</td> <td>+28.5%</td> </tr> <tr> <td>Corporate</td> <td>\$384.4 Billion</td> <td>+1.3%</td> </tr> <tr> <td>Convertible</td> <td>\$10.2 Billion</td> <td>+57.2%</td> </tr> <tr> <td>Asset-Backed</td> <td>\$54.6 Billion</td> <td>+15.2%</td> </tr> <tr> <td>Municipal</td> <td>\$63.6 Billion</td> <td>-24.6%</td> </tr> </tbody> </table>	Debt Category	\$ Amount	% change over '13	Treasury	\$564.3 Billion	+28.5%	Corporate	\$384.4 Billion	+1.3%	Convertible	\$10.2 Billion	+57.2%	Asset-Backed	\$54.6 Billion	+15.2%	Municipal	\$63.6 Billion	-24.6%
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Equity funds reported net *inflows* totaling \$10.4 billion in 3/14, vs. \$19.2 billion (revised down) of net *inflows* in 2/14, according to the Investment Company Institute. Bond funds reported net *inflows* totaling \$12.5 billion, vs. \$7.8 billion of net *inflows* (revised up) in 2/14. Money Market fund net *outflows* totaled \$29.2 billion, vs. \$46.7 billion of net *outflows* in 2/14. Y-T-D through March, equity funds reported net *inflows* totaling \$54.0 billion, vs. \$21.5 billion of net *inflows* for bond funds (municipals had net *inflows* totaling \$3.4B) and \$85.3 billion of net *outflows* for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1890.90	04/02/14	676.53	03/09/09	1883.95	-0.37%	2.56%	1.95%
S&P 500 Growth	1019.91	03/06/14	363.99	03/09/09	1004.48	-1.51%	1.70%	1.57%
S&P 500 Value	869.49	04/30/14	307.16	03/09/09	869.49	0.00%	3.50%	2.35%
S&P 400	1394.66	04/02/14	404.62	03/09/09	1355.96	-2.77%	1.42%	1.42%
S&P 400 Growth	631.47	03/04/14	174.44	11/20/08	602.72	-4.55%	-0.75%	1.01%
S&P 400 Value	486.32	04/02/14	144.98	03/09/09	479.83	-1.33%	3.72%	1.85%
S&P 100	836.08	04/30/14	322.13	03/09/09	836.08	0.00%	2.20%	2.10%
DJIA	16580.84	04/30/14	6547.05	03/09/09	16580.84	0.00%	0.72%	2.15%
NASDAQ 100	3727.19	03/05/14	1036.51	11/20/08	3582.02	-3.89%	0.08%	1.35%
Russell 2000	1208.65	03/04/14	343.26	03/09/09	1126.86	-6.77%	-2.80%	1.41%
Russell 2000 Growth	725.38	03/04/14	190.73	03/09/09	654.81	-9.73%	-4.67%	0.75%
Russell 2000 Value	1534.14	04/02/14	469.32	03/09/09	1470.43	-4.15%	-0.84%	2.06%
Russell 3000	1137.17	04/02/14	389.61	03/09/09	1125.09	-1.06%	2.09%	1.85%
MSCI World x U.S. (USD)	5379.90	10/31/07	2131.84	03/09/09	5277.41	-1.91%	2.34%	3.17%
MSCI Emerging Markets (USD)	473.36	10/29/07	128.72	05/17/04	410.10	-13.36%	-0.10%	2.74%
Bovespa/Brazil (USD)	44638.24	05/19/08	5634.22	05/10/04	23095.06	-48.26%	5.01%	4.66%
RTS/Russia (USD)	2487.92	05/19/08	498.20	01/23/09	1155.70	-53.55%	-19.84%	4.20%
Bombay SE 500/India (USD)	226.04	01/07/08	39.16	05/17/04	138.26	-38.83%	9.52%	1.59%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	323.73	-60.05%	-7.34%	3.01%
KOSPI/South Korea (USD)	2.29	10/31/07	0.62	05/17/04	1.90	-17.17%	-0.36%	1.13%
Hang Seng (USD)	4082.25	10/30/07	1406.13	05/17/04	2854.96	-30.06%	-4.53%	3.53%
MSCI Euro (USD)	1988.53	10/31/07	680.91	03/09/09	1415.97	-28.79%	4.76%	3.18%
S&P Consumer Discretionary	534.16	03/06/14	125.72	03/09/09	506.11	-5.25%	-4.12%	1.42%
S&P Consumer Staples	454.57	04/28/14	199.80	03/09/09	453.85	-0.16%	3.44%	2.59%
S&P Energy	686.34	04/29/14	232.56	05/10/04	686.29	-0.01%	5.98%	2.08%
S&P Utilities	223.91	12/10/07	112.86	05/17/04	219.49	-1.97%	14.77%	3.58%
S&P Financials	509.55	02/20/07	81.74	03/06/09	296.13	-41.88%	1.04%	1.72%
S&P Banks	414.38	02/20/07	49.02	03/05/09	212.89	-48.62%	2.47%	1.71%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	564.38	-16.58%	11.77%	3.47%
S&P Health Care	694.53	03/04/14	252.84	03/05/09	672.95	-3.11%	5.28%	1.63%
S&P Pharmaceuticals	535.16	04/30/14	214.50	03/03/09	535.16	0.00%	10.16%	2.47%
NYSE Arca Biotechnology	2946.23	02/25/14	447.78	08/09/04	2514.66	-14.65%	7.95%	0.15%
S&P Information Technology	604.21	04/01/14	198.51	11/20/08	597.59	-1.10%	2.57%	1.55%
Philadelphia Semiconductor	595.93	04/03/14	171.32	11/20/08	575.97	-3.35%	8.18%	1.65%
S&P Telecom Services	181.06	05/31/07	88.10	03/09/09	155.04	-14.37%	2.01%	4.97%
S&P Industrials	457.97	04/23/14	132.83	03/09/09	457.43	-0.12%	1.70%	1.94%
S&P Materials	302.52	04/03/14	108.33	03/02/09	300.42	-0.69%	3.72%	2.25%
Philadelphia Gold & Silver	228.95	04/08/11	64.36	10/27/08	92.26	-59.70%	10.12%	2.15%
Reuters/Jefferies CRB	473.52	07/02/08	200.34	03/02/09	309.53	-34.63%	10.48%	N/A
Merrill Lynch Perpetual Preferred	199.35	04/30/14	51.79	03/09/09	199.35	0.00%	8.72%	5.57%
Merrill Lynch High Yield Constrained	350.78	04/30/14	130.37	12/12/08	350.78	0.00%	3.71%	5.76%