

# Monthly Market Monitor: April 2012

Market Indices <sup>1</sup>	April	Year-to-Date
S&P 500	-0.63%	+11.88%
Russell 3000	-0.66%	+12.13%
MSCI EAFE	-1.84%	+8.94%
MSCI Emerging Markets	-1.17%	+12.79%
Barclays US Aggregate Bond	+1.11%	+1.41%
Barclays Municipal	+1.15%	+2.92%
Barclays US Corporate High Yield	+1.05%	+6.44%

<sup>1</sup> Morningstar Direct (all performance percentages are total return based, which include reinvested dividends, interest)

Global equity markets predominately lost ground in April, ending four straight monthly gains. The key culprit was the fact that several European economies contracted, spawning renewed concerns of a worldwide economic slowdown. In particular, Spain's gross domestic product (GDP) shrank 0.3% in both the 1Q 2012 and 4Q 2011, causing Europe's fourth-largest economy to enter its second official recession since 2009. With the notable exception of slowing U.S. jobs growth reported at the beginning of April, Europe's woes are essentially overshadowing generally sustainable to improving market conditions in the U.S. With not quite two-thirds of S&P 500 companies so far posting their first quarter earnings results, around 74% have topped their profit projections, particularly within the consumer and industrial related industries. The benchmark S&P 500 delivered a 0.6% negative return last month (including dividends). The small-cap Russell 2000 Index also fell last month, dropping 1.5%.

Interestingly, despite a blowout earnings report from Apple, Inc., the largest weighting component of numerous equity indices, the NASDAQ Composite struggled in April, losing 1.4%. Yet among the three major domestic equity indices, the technology-focused NASDAQ Composite has the largest YTD performance, returning 17.3% so far this year. In U.S. sector performance, four of the ten S&P 500 major market groups delivered positive April returns with Telecom (+5.4%), and Utilities (+1.9%) taking top honors. The remaining six sectors lost ground last month, led by Financials (-2.4%), Technology (-1.8%) and Industrials (-1.1%). For the year, Technology (+19.2%), Financials (+19.1%) and Consumer Discretionary (+17.5%) are the top performers, while Utilities (+0.17%) advanced the least.

Despite a 1.4% advance in Australia, non-U.S. developed equity markets, as measured by the MSCI EAFE Index, fell 1.8% last month, lagging most domestic equity indices. Emerging markets lagged by a smaller margin, as the MSCI Emerging Markets Index fell 1.2% in April. At \$1664.75 per ounce, Gold futures ended \$4 lower on the month on concerns that demand in India, the world's largest gold buyer, is slowing.

In the bond market, U.S. Treasuries registered their best monthly price gain since September as slowing trends here and abroad increased demand for the relative safety of U.S. government debt. The yield on the benchmark 10-year Treasury note fell 20 bps in April to a near two-month low of 1.915%. On a wider basis overall U.S. investment grade bonds rose 1.1% last month, as measured by Barclays US Aggregate Bond Index. Municipal bonds, as measured by the Barclays Municipals Index, returned a solid 1.15% in April. The \$3.2 trillion municipal market's 2.9% YTD performance is its best annual start in three years. Non-investment grade corporate bonds returned 1% last month, according to the Barclays US Corporate High-Yield Index. So far this year, this sector represents the strongest performing fixed-income group so far this year, up 6.4%.

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