



RETIREMENT FINANCIAL SERVICES, INC.
WEALTH MANAGEMENT AND RETIREMENT SOLUTIONS EXPERTS

Weekly Commentary
April 6, 2009

The Markets

One-fourth of the year is now history so let's see what transpired in the financial markets.

Data as of 3/31/09	1 st Quarter	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-13.3%	-38.0%	-11.9%	-6.0%	-2.5%
DJ Wilshire Global ex US (Foreign Stocks)	-10.8	-48.4	-15.5	-3.2	-1.3
10-year Treasury Note (Yield Only)	2.7	3.4	4.9	3.8	5.2
Gold (per ounce)	5.4	-1.8	16.3	16.7	12.6
DJ/AIG Commodity Index	-6.4	-45.5	-12.7	-6.1	3.0
DJ Equity All REIT TR Index	-31.6	-57.9	-24.9	-8.5	N/A

Notes: S&P 500, DJ Wilshire Global ex US, Gold, DJ/AIG Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not available.

STOCK MARKETS STARTED TO DIVERGE

In what could be interpreted as a positive sign, world stock markets started to chart an independent course in the first quarter. Unlike the fourth quarter of 2008 when virtually every stock market around the world declined, we actually had some winners this quarter.

**Best and Worst Country Returns Based on the Dow Jones Global Indexes
Ranked by U.S. Dollar Performance**

Winners

Chile	14.7%
Russia	11.6
Sri Lanka	10.9
Brazil	10.8
Pakistan	10.7

Source: Dow Jones Indexes

Losers

Malta	-27.9%
Iceland	-27.2
Qatar	-25.8
Bulgaria	-23.2
Slovakia	-21.8

Source: Dow Jones Indexes

Overall, the Dow Jones Wilshire Global Index, excluding the U.S., dropped about 11% during the quarter, as indicated in the box score above.

CREDIT MARKETS NOT BACK TO NORMAL

The government certainly understands that a fully functioning credit market is critical to our economic recovery and they've been doing all they can to thaw the ice jam. On the short-end of the yield curve, they've had some success as many companies and banks have been able to tap the short-term markets to meet their immediate funding needs, according to *The Wall Street Journal*. Companies in distress, though, have been pretty much shut out as investors have shown little appetite for buying new high-yield bonds.

At the long-end of the yield curve, interest rates rose this quarter. That's good news for savers, but bad news for companies trying to lower their interest charges. On the plus side, the government did have success in helping lower mortgage rates. The average 30-year fixed mortgage rate finished the quarter near 5% and that's spurred a new round of refinancing.

COMMODITIES WERE MIXED

The DJ AIG Commodity Index slid 6.4% for the quarter, but that masked some nice gains in a handful of its components. Gold finished the quarter up just over 5%. Silver rose 15%. Crude oil tacked on 11% while gasoline futures soared 39%, according to *The Wall Street Journal*. And good old Dr. Copper sprinted ahead by 32%, perhaps presaging a budding economic recovery.

Agricultural commodities were mostly down for the quarter as corn fell fractionally, soybeans fell 2.1% and wheat gave up 13%. Some analysts think the upcoming stimulus dollars will eventually drive commodity prices higher. Others think it will take a pickup in industrial demand. One thing we can say with certainty is we all still need to eat and the world population is growing so there will always be some demand for agricultural products.

THE DOLLAR IS HANGING TOUGH

A small band of vocal critics has warned that the government's massive stimulus programs and expansionary monetary policy will lead to a debasement of the dollar. Well, it hasn't happened yet. During the first quarter, the dollar strengthened 5% against the euro, 9% against the Japanese yen, and 4% against a trade-weighted basket of 16 currencies tracked by J.P. Morgan Chase, according to *The Wall Street Journal*.

The dollar's strength may confound its critics because of the theory of relativity. No, we're not talking Einstein here. The idea is that almost all countries are going through difficult times right now and, on a relative basis, the U.S. is perhaps no worse off than any other country. And in some cases, we may be better off, so our currency is still being used as a "safe haven" and could remain strong even with all the government spending.

Ironically, the government – although they likely won't say it publicly – may want the dollar to weaken so it would make our exports more attractive and help revive our economy. It's clearly a delicate balance between doing what's good for the U.S. and keeping in mind that we live in a global economy so we can't upset our trading partners.

SUMMARY

As the quarter drew to a close, stock markets around the world rallied amid early signs of an economic recovery. Whether this is a head fake or the start of something big won't be known for a long time, but we'll take it anyway. Rising unemployment is still a major problem and that may not ease until 2010. Later this year, the stimulus dollars will start flowing through the economy and that may help cushion the blow of weak labor markets.

Ultimately, the sun will rise tomorrow and we expect our economy to eventually get back on track.

Weekly Focus – Think About It

“Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma – which is living with the results of other people's thinking. Don't let the noise of others' opinions drown out your own inner voice. And most important, have the courage to follow your heart and intuition. They somehow already know what you truly want to become. Everything else is secondary.”

-- Steve Jobs

Best regards,

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- * The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks.
- * The Nasdaq Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
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