

For the Week of April 19, 2010

THE MARKETS

After six consecutive days of gains that pushed the Dow above 11,000 to its highest level in more than 18 months, the markets fell Friday after federal regulators filed civil fraud charges against Goldman Sachs. According to the Associated Press, analysts had been expecting a fall after two months of steady gains, and the Goldman Sachs news gave investors a reason to sell. In economic news, the Commerce Department reported housing construction at a 16-month high, although single-family home construction fell. The housing market may face another hurdle as the homebuyer tax credit expires this month. The Reuters/University of Michigan consumer sentiment reading also fell unexpectedly. For the week, the Dow gained 0.19 percent to close at 11,018.66. The S&P fell 0.18 percent to finish at 1,192.13, and the NASDAQ rose 1.11 percent to end the week at 2,481.26.

Returns Through 4/16/10	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials	0.19	6.45	39.52	-1.96	4.48
NASDAQ Composite	1.11	9.35	48.54	-0.49	5.39
S&P 500	-0.18	7.50	40.71	-4.60	2.98
BarCap US Agg Bond (TR)	0.71	2.42	7.74	6.40	5.38
MSCI EAFE	0.24	2.77	44.47	-7.71	4.37

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The S&P, excluding "1 Week" returns, is a reflection of return to an investor, by reinvesting dividends after the deduction of withholding tax.

Much Higher Today – The aggregate annual earnings of the S&P 500 companies are 79 percent higher today than they were just one year ago (Source: S&P, BTN Research).

Down, Then Up – The U.S. economy shrunk in size by 2.4 percent in 2009, its first year-over-year decline since 1991. In the 10-years after that previous contraction (i.e., 1992-2001), the U.S. economy grew in size by an average of 3.5 percent per year (Source: Commerce Department, BTN Research).

Separate From Medicare – A 65-year old couple would need to set aside \$250,000 today (i.e., a present value amount) to pay for their out-of-pocket health care expenditures during retirement (Source: Fidelity, BTN Research).

When Interest Rates Go Up – The last time the Federal Reserve began a series of interest rate hikes was almost six years ago. Over the two-year period from June 30, 2004, to June 29, 2006, the Federal Reserve raised short-term interest rates 17 separate times. The S&P 500 gained 15.5 percent (total return) over the two years beginning June 30, 2004 (i.e., aggregate total return for the two-year period, not per year) (Source: BTN Research).

WEEKLY FOCUS – Some ‘Free’ Credit Reports Aren’t Free

Those companies offering free credit reports have gotten marketing savvy, using humor and catchy songs to attract consumers into using their services. The problem is that the “free” credit report offered by these companies is often just bait to get you to buy a subscription credit monitoring service.

The Credit Card Act of 2009, most of which went into effect in February, contains new requirements for credit reporting companies to disclose what they’re up to. Requirements for websites of these companies went into effect April 2. Watch for new disclosures on their TV and radio ads coming in September.

You really *can* get one free credit report per year from each of the major credit reporting bureaus – Equifax, Experian and Trans-Union. You can request all three from annualcreditreport.com, the only free credit report source authorized by federal law. You can also call 877-322-8228. Companies must post a disclosure notice about the government resource across the top of any web page that offers “free” credit reports.

Even if you’re not in need of borrowing money, you should make the most of the government’s offer for free annual credit reports. Your credit score impacts not only your ability to get a loan for a home or car, but also your ability to purchase insurance or services like a cell phone at a reasonable price. You may also need access to quick credit in unexpected events like an emergency, disaster or catastrophic illness.

Identity thieves can do considerable damage to your credit rating in a short amount of time. Closely review and monitor your credit card and bank accounts, including any mail they send you, and consider signing up for text or email alerts. Catching identity thieves early can help minimize the damage to your finances, including your credit score.

If you’d like more information about credit reports or identity theft, please contact our office. It is our pleasure to be your resource for any financial questions you may have.

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* The Standard & Poor’s 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. 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. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years.
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