



# ALL STAR FINANCIAL

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## Weekly Market Wrap March 31, 2009

### Review - Week Ending 03/27/2009

Stocks continued their rally last week, before fading on Friday. Markets responded positively to government banking and regulatory proposals and the signs of turning in the economic data. The market was greeted by the news that General Motor's CEO had submitted his resignation over the weekend and that both GM and Chrysler plans for viability were "inadequate". President Obama appeared to be preparing the market for an eventual bankruptcy restructuring by General Motors.

### Commentary/Highlights

- **General Motor's CEO Rick Wagoner** leaves GM after failing to turn a profit since 2004, compiling \$82 billion in losses over that period. GM will have 60 days under an extension to come up with a more "aggressive" restructuring plan under new CEO Fritz Henderson, and Chrysler will have 30 days to complete merger/joint venture discussions with Fiat of Italy.
- **Economy Update:** Survey's of Business Confidence remain near long-term lows. However, existing home sales showed a surprising gain of 5.1% during February and new home sales logged a 4.7% gain during the month. It was the largest monthly percentage gain in existing home sales since July 2003. Low mortgage rates enticed buyers and refinancing applications soared. Durable goods orders also had a surprising gain of 3.4%, **the first gain in seven months**, and consumer spending remains positive despite job losses.
- **ECRI Weekly Leading Economic Indicator Index** remains sharply negative but has improved steadily off its December lows during the year, **indicating some gradually improvement in economic conditions**.
- **The Global G20 meeting of the 20 largest economies** in the world takes place on Thursday in London. The meeting will be long on ambitions but likely short on consensus and concrete actions. Discussions should be lively and some improvement in coordination of the global financial crisis among nations would be a good result. Key issues to be discussed include: 1) Raising funding for the IMF to \$500 billion to aid struggling nations; 2) Coordinated financial regulatory reforms; 3) Discussions of economic stimulus policies; 4) Alternative currency options to the dollar. Disagreement is widest about how much stimulus spending is needed, with the US, China, and United Kingdom being proponents, while Germany, France, and Spain are urging more restrained spending.
- **China is increasingly flexing its economic muscle.** Its foreign reserves represent 20% of its GDP and the 3<sup>rd</sup> largest economy is making its views on currencies, regulations, and trade policies increasingly vocal. Economic cooperation between China and the US will be critical to coordinated global economic recovery. China is still expected to achieve 6.5-8% growth in 2009 with the largest stimulus plan yet to date as a percentage of GDP.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Lehman Aggregate Bond	+0.09%	-0.12%	-0.12%
Lehman High Yield	+3.02%	+6.44%	+6.44%
Dow Jones Industrial	+6.93%	-10.54%	-10.54%
S&P 500 Index	+6.24%	-8.94%	-8.94%
Russell 3000	+6.34%	-8.84%	-8.84%
MSCI EAFE Index	+2.75%	-12.43%	-12.43%
MSCI EAFE Small Cap	+3.80%	-7.13%	-7.13%
NASDAQ Composite	+6.03%	-2.02%	-2.02%
Russell 2000	+7.29%	-13.70%	-13.70%