

# HÉBERT ADVISORY SERVICES, INC.

Investment Portfolio Management

INSTITECH® Technical Stock Market Research

Market Status Report First Quarter 2010

## Greetings...

**Continuing from last year, market action has moved steadily upward through the first quarter.**

February and March posted positive gains after experiencing some negative pressure in January. Despite the contentious atmosphere surrounding the healthcare issue in March, the market has surprisingly moved forward.

**Current market conditions remain in a bullish posture**, with the short-term bullish indicator having maintained its reading at over **74%** for the last four weeks. Sustaining this level will likely revolve around first quarter earnings reports due out soon. Initial analyst statements anticipate more positive results than negative, boding well for a continued bullish mood.

The much anticipated March jobs report released on Good Friday returned generally positive numbers showing the economy continues to mend, although with the official unemployment rate still at **9.7%** there is still much mending needed. *Job creation continues - although not as robust as we would like.*

**Our managed accounts turned in another good quarter**, continuing to out pace the market.

Portfolio performance for the quarter averaged **6.15% net of fees**, surpassing the S&P 500's return of 4.87%.

## Going forward ...

For the short term, the market has apparently digested the uncertainties created by recent political maneuvering. Continued rancor in Washington would likely increase pressure on financial markets and investors as the year moves along.

**Inflation and interest rates will become topics of concern**, which could come to the front later this year. The recent and unprecedented inflows into bond funds may ease somewhat as prices fall in response to higher interest rates. *Equities will stand to benefit as investors exit bond markets.* Now is not the time to be holding long-term, low coupon bonds.

**Although the market posture is bullish**, we could likely operate in an extended flat or trading range for the next several months. If that presents itself, we'll see slower trade activity to minimize whipsaw action. Prompt defensive moves to cash will occur when market conditions deteriorate, *but for now we'll go with the bullish action...*

*Until next time... Best Wishes*

- Richard Hébert

*"Money will buy you a pretty good dog, but it won't buy you the wag of his tail." Henry Wheeler Shaw*