

## Goldman Sacks the Market

Equity markets were little changed this week as a hearty dose of good earnings news was overshadowed by a Goldman Sachs fraud charge. After a solid start to the week that saw the S&P 500 top the 1,200 mark for the first time since September-08, a Friday selloff pulled the index down 0.2% on the week. Indeed, fraud concerns battered the financials on Friday despite solid early-morning results from Bank of America. Meantime, the TSX slipped 0.9% on the week after touching a new 52-week high, with the gold sector doing most of the damage. Before Friday's selloff, all of the Dow, S&P 500, Nasdaq and TSX were sitting at fresh 52-week highs—the bull marches on.

**EarningsWatch...** They wasted no time sprinting out of the gate this week, with a handful of better-than-expected results from the likes of Intel, JPMorgan, Bank of America and GE. One early theme emerging is a renewal of hiring plans. Intel now plans to hire as many as 2,000 people in 2010, Google expects aggressive hiring this year, JPMorgan plans to add nearly 9,000, while CSX is calling back workers. So far, 18 of 20 S&P 500 companies to report have beaten earnings expectations, while 16 have beaten on revenues—I'd call that a fast start. Here are some highlights from the week:

### Market Performance as of April 16, 2010

	Current Price	Performance (percent)					2009
		1 Week	1 Month	3 Months	1 Year	YTD	
NASDAQ	2,481	1.1	4.3	8.4	48.5	9.3	43.9
S&P/ASX 200	5,007	0.7	4.1	1.6	34.4	2.6	33.4
Dow Jones	11,019	0.2	3.1	3.9	35.6	5.7	18.8
S&P 500	1,192	-0.2	2.8	4.9	37.8	6.9	23.5
FTSE 100	5,744	-0.5	2.2	5.3	41.7	6.1	22.1
S&P/TSX	12,071	-0.9	-0.2	3.3	29.2	2.8	30.7
NIKKEI 225	11,102	-0.9	3.5	1.1	26.8	5.3	19.0
DAX	6,181	-1.1	3.5	5.2	34.1	3.8	23.8
CAC 40	3,987	-1.6	1.2	0.8	31.2	1.3	22.3

Source: Bloomberg

### Earnings Recovery

S&P 500 Bottom-up Earnings per Share



\*Consensus as Reported by Thomson Financial

recovery is hardly shocking. However, further advances will have to be earned the old-fashioned way—through a solid recovery in earnings.” While these factors have all matured, they still point to a pro-equity bias, even if more modest returns lie ahead. For the full analysis, see **this week's Focus feature**. Here's the link: <http://www.bmonesbittburns.com/economics/focus/20100416/feature.pdf>

**Intel...** Beat earnings, revenue and forecast record profit margins for the year.

**Google...** “We expect to continue hiring aggressively through the year”.

**CSX...** Volumes rose on strength in commodity shipments. “We’re seeing a good, gradual increase in the economy”.

**JPMorgan...** Lower credit loss provisions. “There is a clear and broad-based improvement in the economic factors in the United States and around the world.”

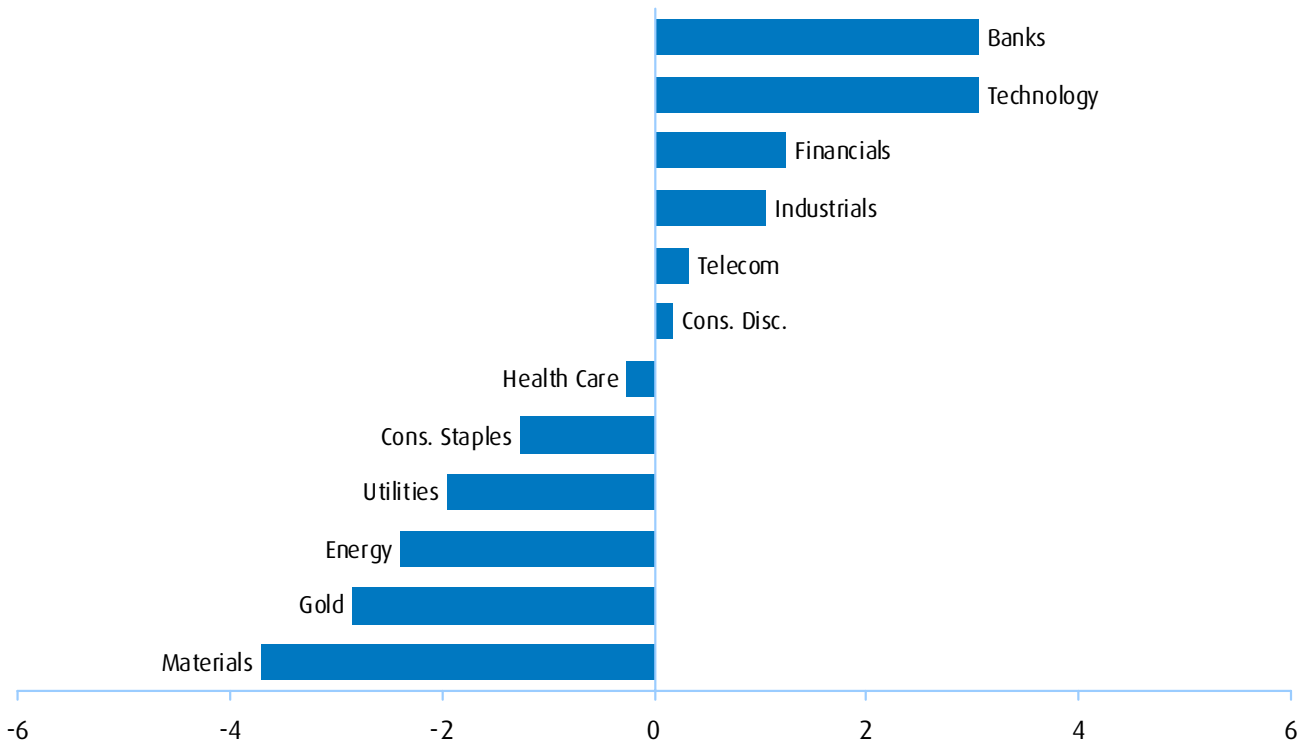
**GE...** “We saw encouraging signs, including increases in airline passenger miles and freight loadings, declines in receivables delinquencies, and growth in local advertising markets.”

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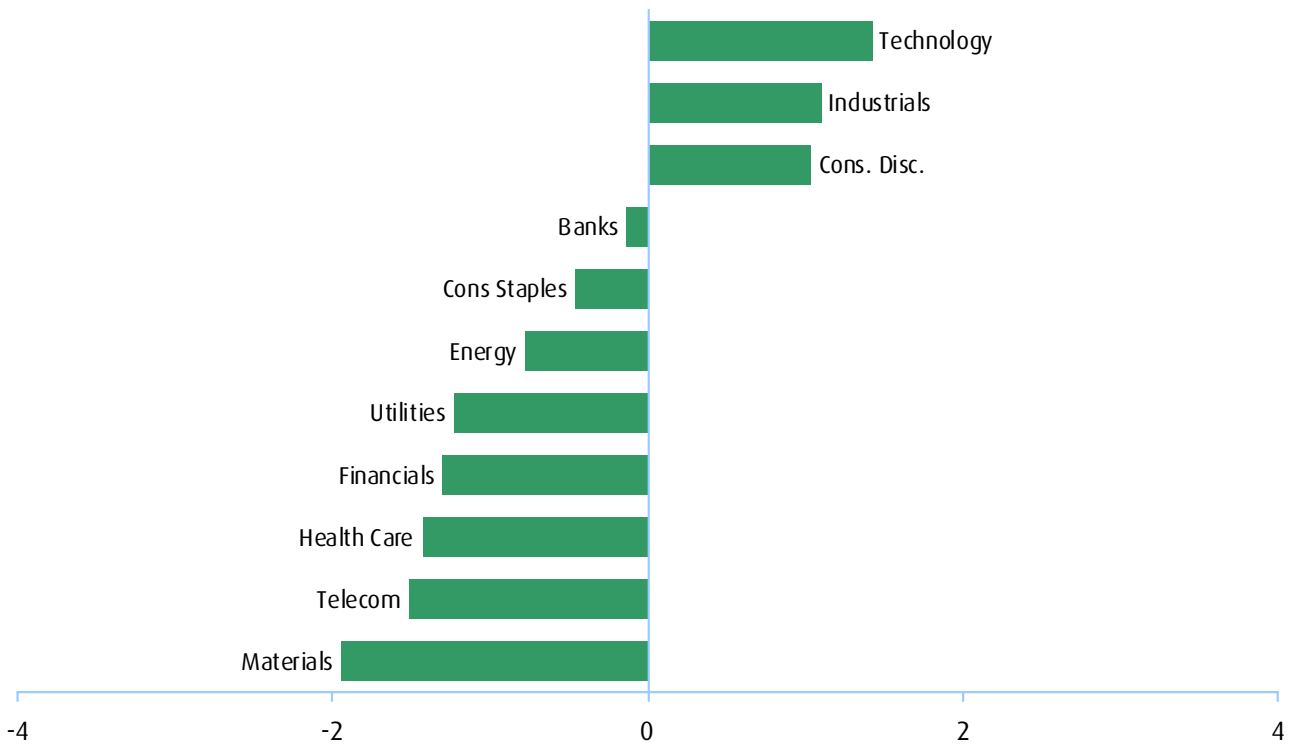
**Ageing Bull...** Has this market come too far, too fast? We stated last summer (in “The Market’s Message”, Focus, August 14, 2009): “We do not see the market rebound as particularly overdone. Most valuation measures are far from stretched, the stage of the cycle is friendly for equities and, after one of the most vicious bear markets on record, the scope of the (equity market)

**Weekly Sector Performances as of April 16, 2010**

TSX (percent)

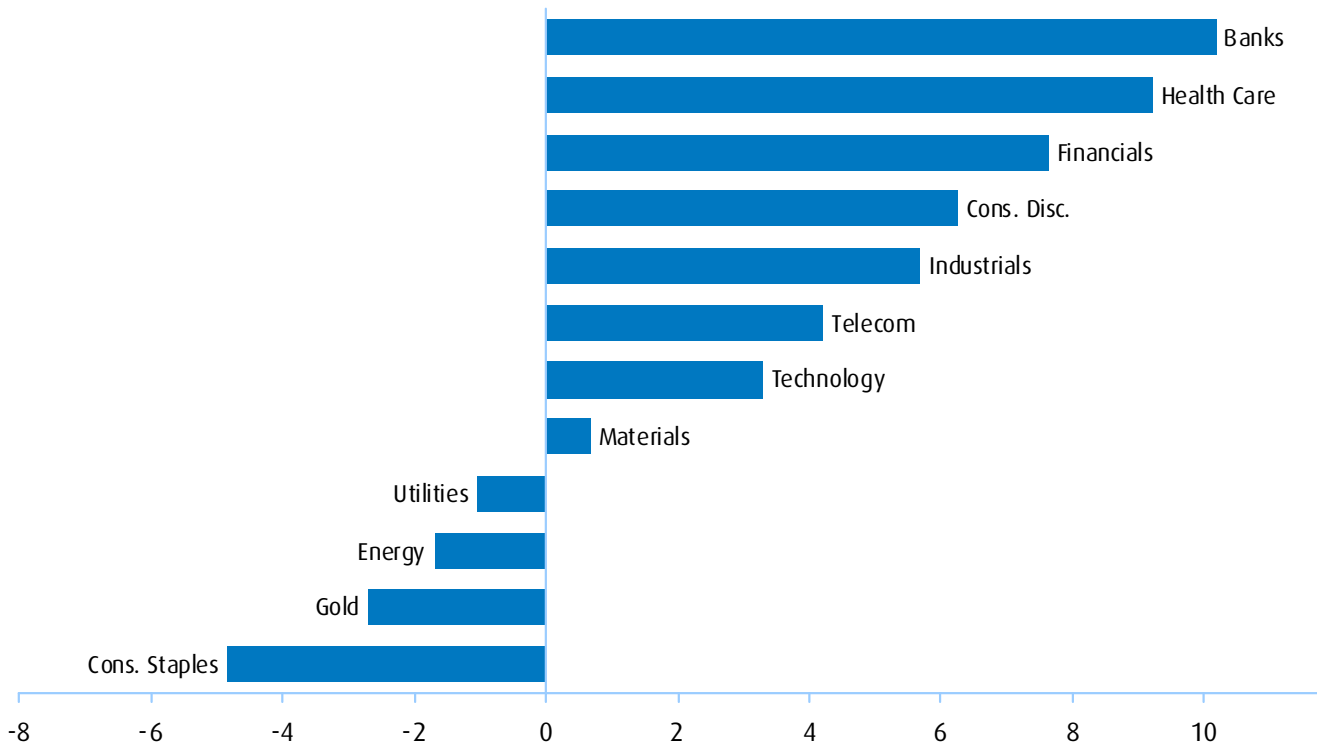


S&P 500 (percent)

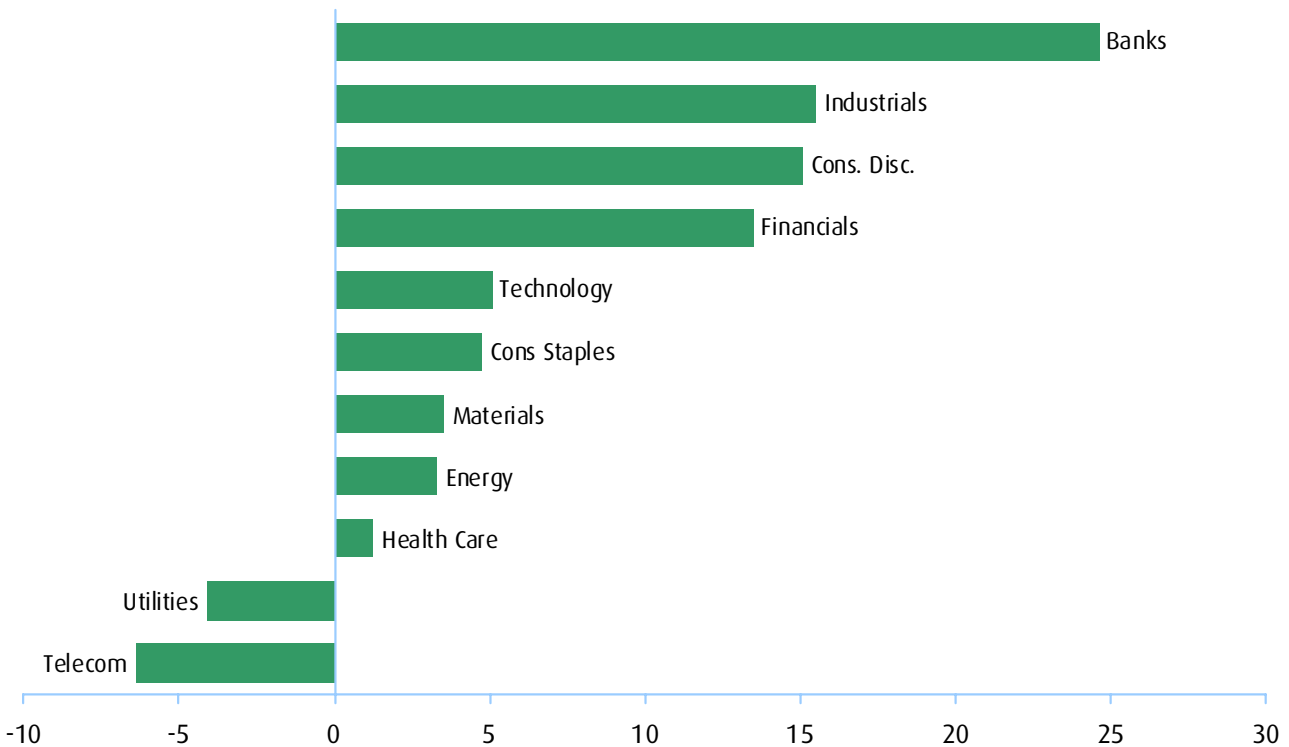


**Year-to-Date Sector Performances as of April 16, 2010**

TSX (percent)



S&P 500 (percent)



## North American Sector Performances as of April 16, 2010

S&P 500 Sectors	1 Week	1 Month	3 Months	1 Year	YTD	2009
Information Technology	1.4	4.4	5.3	47.9	5.1	59.9
Industrials	1.1	4.9	10.3	51.3	15.5	17.3
Cons Discretionary	1.0	6.1	14.4	54.2	15.1	38.8
Banks	-0.1	6.7	16.0	59.3	24.6	-8.9
Cons Staples	-0.5	0.6	3.6	26.4	4.7	11.2
Energy	-0.8	2.4	-0.1	25.4	3.3	11.3
Utilities	-1.2	-0.8	-3.7	15.6	-4.1	6.8
Financials	-1.3	4.0	9.2	49.3	13.5	14.8
Health Care	-1.4	-1.3	-2.1	28.9	1.3	17.1
Telecom Services	-1.5	0.6	0.0	0.6	-6.4	2.6
Materials	-1.9	1.7	1.4	41.0	3.5	45.2
S&P 600 Small Cap	1.7	5.0	11.9	50.7	13.9	23.8
S&P 400 Mid Cap	0.8	3.8	10.4	51.0	12.9	35.0
S&P 100 Large Cap	-0.1	2.8	3.9	34.4	6.0	19.1
<b>S&amp;P 500</b>	<b>-0.2</b>	<b>2.8</b>	<b>4.9</b>	<b>37.8</b>	<b>6.9</b>	<b>23.5</b>

### TSX Sectors

Banks	3.1	2.5	14.8	51.1	10.2	54.4
Information Technology	3.1	-3.7	6.8	-3.2	3.3	44.3
Financials	1.3	0.9	9.9	40.0	7.6	38.3
Industrials	1.1	2.7	5.9	32.8	5.7	23.7
Telecom Services	0.3	-0.9	7.4	17.5	4.2	0.7
Cons Discretionary	0.2	0.8	5.9	21.1	6.3	11.1
Health Care	-0.3	4.2	9.0	31.6	9.2	28.6
Cons Staples	-1.3	-4.7	-4.0	5.7	-4.8	6.1
Utilities	-2.0	-4.1	-1.4	25.5	-1.1	12.7
Energy	-2.4	1.2	-0.6	23.5	-1.7	35.0
Gold	-2.8	-1.3	-3.2	23.0	-2.7	5.7
Materials	-3.7	-3.0	-2.7	37.8	0.7	33.4
REITs	1.0	-1.6	0.6	52.7	2.2	42.4
Income Trusts	-0.9	-0.4	2.0	35.1	4.3	29.5
S&P/TSX Small Cap	-0.3	0.7	2.5	63.9	6.6	56.2
S&P/TSX 60 Large Cap	-0.8	-0.3	3.8	24.7	2.1	27.9
S&P/TSX Mid Cap	-1.1	0.3	1.6	48.0	5.0	41.7
<b>TSX</b>	<b>-0.9</b>	<b>-0.2</b>	<b>3.3</b>	<b>29.2</b>	<b>2.8</b>	<b>30.7</b>

Source: Bloomberg

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