

BEGINNINGS | ASSET ALLOCATION

ECONOMIC AND FINANCIAL MARKET FORECAST

Below is a comparison of current economic and financial data with the panel's composite forecast for the next six months. (Through November 2009)

	Current Level ¹	Strategists' Predictions
STOCK MARKET (Dow Jones Industrials)	7776	8467
BOND MARKET (10-Year Treasury Note)	2.8%	3.0%
ECONOMIC GROWTH (Annual Growth of Real GDP)	-6.3%	-0.9%
INFLATION (Annual Increase in CPI)	0.5%	0.6%
SHORT-TERM RATES (Three-Month Treasury Bills)	0.13%	0.4%

(1) As of 3/27/09

RECOMMENDED ALLOCATIONS FOR A BALANCED PORTFOLIO

The statistics below are a composite of results from our monthly poll of leading portfolio strategists and are designed for a balanced growth investor.

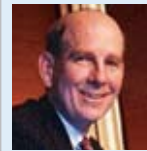
CURRENT COMPOSITE ALLOCATION			CHANGE FROM PRIOR MONTH'S ALLOCATION		
STOCKS	BONDS	CASH	STOCKS	BONDS	CASH
55.8%	32.0%	12.3%	-1.1%	+1.5%	+0.2%

RANGE OF CURRENT ALLOCATIONS			12-MONTH TRENDS IN COMPOSITE ALLOCATIONS			
	LOW	HIGH		LOW	HIGH	CURRENT
STOCKS	10%	70%	STOCKS	54.4%	57.4%	55.8%
BONDS	15%	50%	BONDS	30.5%	34.9%	32.0%
CASH	1%	40%	CASH	8.9%	12.6%	12.3%

Behind the Numbers, with Gail Dudack



IN THE APRIL 8 release of *Direct from Dudack*, her intermittent one-page report on economic events, Gail Dudack asked, "When is overbought good news?" In answering that question, she explains that she uses the NYSE 25-day up/down volume oscillator to help detect the nuances of a cycle turn. The simple explanation according to Dudack is that bull markets tend to get and stay overbought for long periods, while bear markets get and stay oversold due to persistent selling pressure. Dudack says the oscillator was unable to reach or maintain an overbought reading between April 2007 and January 2009, which obviously correlates with the bearish tendencies of investors in the face of market uncertainty. Since that time, however she has noted two short overbought readings—welcome signs of sustained buying pressure. The longer an overbought reading lasts the more bullish behavior it portends, which means the answer is: it's good news now. —**Robert F. Keane**



GARY SHILLING

A. Gary Shilling & Co.

STOCKS	10%
BONDS	50%
CASH	40%
(no change)	



GAIL DUDACK

Dudack Research Group

STOCKS	70%
BONDS	15%
CASH	15%
(no change)	



SAM STOVALL

Standard & Poor's

STOCKS	60%
BONDS	25%
CASH	15%
(no change)	

CASH HOLDINGS BELOW PANEL AVERAGE



DAVID KELLY

JPMorgan Funds

STOCKS	60%
BONDS	30%
CASH	10%
(no change)	



JEFFREY KLEINTOP

LPL Financial

STOCKS	65%
BONDS	30%
CASH	5%
(no change)	



STEPHANIE GIROUX

TD Ameritrade

STOCKS	61%	down 13%
BONDS	37%	up 13%
CASH	2%	



MARK BALASA

The Alpha Group

STOCKS	60%
BONDS	39%
CASH	1%
(no change)	

Portfolio strategists polled 3/30/09-4/3/09