

## Market Note

### Today's Market Events – May 6, 2010

Today's wild swings in the market were a result of many forces coming together. The Greek debt situation and the fear of it spreading to other EU countries; the recent run up in stock prices over the last several weeks and the prospects of new financial regulation in the US all came to a head today. Fear was the primary driver.

At one point the Dow was down 9.8 percent, below the 10,000 mark. The markets ended today down about 3 percent.

Another key driver to the rapid fall may have been program trading as the S&P broke 1150; what was seen as a support level by traders.

These sorts of events are not uncommon. Let's remember that in early February of this year the Dow stood at about 9900. It then hit 11,200 just a week ago; that's over a 13 percent gain. This is a strong move in a short period of time.

This reaction does point out that the US and Global markets still view this recovery period as fragile. Debt has always been a great concern of market participants. The past has noted sovereign bankruptcies in Argentina and Russia. The fact that this appears to be moving into more developed economies could have a tremendous drag on the global economic recovery.

Today's activity needs to be taken into context with the events of the last several months; a rapid rise in equity prices is always followed by a correction of some kind. What differs in these corrections is the severity and length of the correction period. The next several weeks are likely to be volatile, but we believe will settle down.

Do not let short term market actions or the reactions of others alter your disciplined approach to investing. We understand these events will occur over economic and market cycles and take them into consideration when designing strategies. The key is to not be distracted by such events.

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