

May 11, 2007

HAPPY MOTHERS DAY! This day has become more than a Hallmark Holiday as many countries around the globe pause to honor MOM...still another indication that globalization is not a figment of our imagination.

Another example of global appreciation is making money which we try to focus on 24/7. This week was tougher than most due to several factors: liquidity and interest rates. After much adieu, finally, stocks rallied to close Friday in the black. Even cynical bond traders reluctantly followed the bulls bringing yields back to our comfort-level of 4.6%. April investment performance spoiled us with UP markets day-after-day.

This week, the Dow hit an all-time high... rising 25 of the past 30 trading days.... which is a record not seen since 1944. The S&P 500 is also on a tear trading within a hair of its all-time high hit in 2001. Foreign markets have racked-up even more impressive gains this year, led by emerging markets in Asia and Latin America .

What has been driving markets to these lofty levels? **Tame inflation** is certainly playing a role. In the US we've come to take disciplined inflation levels for granted, but in countries like Brazil , which saw inflation of 16% as recently as 2003, current levels of 3% are helping give consumers and businesses tremendous confidence to invest and keep economies and stock markets moving upward.

Liquidity is fueling this rally. It has pushed markets higher. Excessive amounts of corporate cash is driving markets as one corporation after another has reported fat profits for the latest quarter. These earnings have prompted share repurchases and mergers in corporate America and beyond. Gains in investor portfolios are showing up as a result. Coupled with this phenomenon, **private equity firms** are buying-up businesses which sport heavy cash caches faster than any time in history.

In closing, we'd like to thank OUR own mothers who raised us up and educated us and loved us unconditionally, as only a MOM can do. Thanks Miriam, Robin, Marybeth, Kathy, Kim, Loraine, Dorothy and Pat.

INDEX	05.04.2007	12.31.2006	%Change
DOW JONES	13,265	12,463	+6.4%
S&P 500	1,506	1,418	+6.2%
NASDAQ	2,572	2,415	+6.5%
Bond YIELD	4.64%	4.71%	-0.7%*

*If Yield then Prices

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