

## Fiscal Quarterly: 1Q 2011

Brian Parker, Staff Writer

The rise of US equities by 5.92% outpaced the positive growth of international markets (MSCI EAFE: 3.36%). While the bond market staggered ahead 0.9%, the equity growth is a very positive sign. Economic activity, money supply, low interest rates and high corporate earnings all point to a healthy environment for equity investing.

Here are the hedges to that statement. With the low interest rate and positive earnings of stocks, inflation concerns have started to bud again. The ECB (European Central Bank) has raised rates by 0.25%, perhaps an indicator of what is to come in the United States. Energy costs have moved up significantly. Oil alone moved up from \$93/bar to a peak a few days ago of \$113/bar. The geopolitical mess in the Middle East will make this worse.

We always enjoy hearing your thoughts and welcome your questions.