

A Pre-Opening Market Wake-Up Call

U S MARKETS	LAST	Net	% CHG	% CHG YTD	% CHG vs. HIGH	50 Day M.A.	200 Day M.A.	P / E Ratio*
Dow Jones	13268.57	-10.75	-0.08%	8.61%	-6.55%	13055	12173	
Dow Jones Transports	5334.52	48.55	0.92%	6.27%	-5.21%	5226	4936	
Dow Jones Utilities	470.01	-2.95	-0.62%	1.10%	-15.42%	457	445	
S&P 500	1402.31	-3.51	-0.25%	11.51%	-11.02%	1386	1276	12.8
S&P 400 Midcap	997.03	1.92	0.19%	13.41%	-1.92%	984	905	*First Call 12 mos.
S&P 600 Smallcap	459.88	2.41	0.53%	10.80%	-0.55%	456	418	forward est.
NASDAQ	3059.85	9.41	0.31%	17.45%	-40.38%	3028	2734	
NASDAQ 100	2734.77	7.85	0.29%	20.06%	-43.22%	2696	2406	
Russell 2000 (Smallcap)	818.08	2.19	0.27%	10.41%	-5.81%	817	755	
BKX (Banking)	48.44	-0.45	-0.92%	23.01%	-60.02%	48	42	
BTK (Biotech)	1495.43	18.36	1.24%	37.02%	-1.27%	1367	1222	
OSX (Oil Service)	235.47	-2.72	-1.14%	8.87%	-35.36%	242	233	
SOXX (Semiconductor)	416.81	1.94	0.47%	14.37%	-69.40%	423	388	
XAU (Gold/Silver)	162.50	-2.84	-1.72%	-10.04%	-30.17%	177	194	
	NYSE	NASDAQ						
VOLUME	779,723,136	1,825,610,000				Treasury Yield Curve		
ADV/DEC VOLUME	0.5	1.4				90 Day T-Bill	10 Yr. T-Note	30 Yr. T-Bond
ADV/DEC ISSUES	0.8	1.1				0.08%	1.92%	3.11%

STRONGEST/WEAKEST GROUPS Yesterday	
Strongest Groups	Weakest Groups
Retail-Apparel/Shoes/Acc	Oil&Gas-Intl Expl&Prod
Apparel-Shoes & Rel Mfg	Computer-Integrated Syst
Consumer Prod-Specialty	Energy-Coal
Transportation-Truck	Oil&Gas-U S Expl&Prod
Bldg-Resident/Comml	Oil&Gas-Cdn Expl&Prod
Medical-Long-term Care	Elec-Misc Products
Apparel-Clothing Mfg	Media-Periodicals
Retail-Home Furnishings	Mining-Gold/Silver/Gems
Finance-Mrtg&Rel Svc	Oil&Gas-Integrated
Retail-Specialty	Financial Svcs-Specialty

KEY COMMODITY PRICES		Net Chg
CRB Index	304.08	-3.47
US DOLLAR INDEX	79.20	0.27
CRUDE OIL (WTI)/BBL	104.84	-0.38
NATURAL GAS/MMBTU	2.27	0.02
GASOLINE (USD/GAL)	3.08	0.01
GOLD/OZ	1645.60	-8.40
COPPER ¢/LB	376.05	-2.65
COTTON #2 (USD/lb.)	89.42	-0.09

FOREIGN MARKETS	LAST	NET CHG	% CHG
UK: FTSE 100	5,795	36.44	0.63
GER: DAX	6,784	72.82	1.09
BRAZIL: Bovespa	62,424	603.30	0.98
JAPAN: Nikkei 225	9,380	29.30	0.31
HK: Hang Seng	21,250	-59.55	-0.28

INDICATORS		NYSE	NASDAQ
% of Stocks Above 200-day M.A.		64%	49%
Rydex Asset Ratio (Bears/Bulls)		34%	
CBOE Put/Call Ratio		100%	88%(10 day m.a.)
S&P 500 vs. 10 Yr. T-Note	Severely Undervalued		75.4%
S&P 500 vs. 30 Yr. T-Bond	Severely Undervalued		
Arms Index - Last Close	1.59		
Arms Index-10 Day Moving Avg.	1.25		
CBOE OEX Volatility Index-VXO	16		
McClellan Oscillator-common stocks only	25.25		

ANNOUNCEMENTS THIS WEEK	
Monday	Personal Income & Outlays; Chicago PMI; Dallas Fed
Tuesday	Motor Vehicle Sales; ISM Mfg Index; Construction Spending
Wednesday	Factory Orders; EIA Petroleum Status Rpt
Thursday	Jobless Claims; Productivity & costs; ISM Non-Mfg Index; EIA NG Rpt
Friday	Employment Situation

Data as of 9:00 a.m. on 5/3/12

Sources: Thomson Reuters, WONDA, CBOE, Bloomberg, DecisionPoint.com

THE DAWN PATROL

I had great feedback on the article I linked to yesterday, [Hard Facts: An Energy Primer](#), so I am doing so again today in case you didn't see it. Here is an interesting factoid. The U.S. has the richest oil shale deposits in the world. It is estimated that they contain around 1 trillion barrels of recoverable oil - 4X Saudi Arabia's proved oil reserves. We also have 27% of the world's proved coal reserves. How many of you are aware that the United States is the third largest oil producing nation in the world. Only Saudi Arabia and Russia produce more. This despite the fact that most of our potential reserves have been placed off limits for potential drilling.

The bears tried to take charge yesterday but stocks managed to pare their losses in the afternoon session and closed mixed but well off their lows of the day. Smallcaps were the leaders along with Utility stocks, which have been on a nice three week tear. The Biotechs again were up nicely. They have been one of the truly bright spots lately.

The futures are up modestly this morning following a better than expected Jobless Claims report. There is still some nervousness in front of tomorrow's Employment report following yesterday's disappointing ADP report. Meanwhile, it looks like we'll come out the other side of this earnings season with better numbers than we expected going in.

We continue to believe that stocks are very attractive on an historical basis, particularly when compared to the current level of interest rates. Continue to use weakness to buy and keep your eye on the long-term. We believe the pendulum has a long way to swing.

Important Investor Disclosures

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U.S. Markets Index Information: *U.S. Treasury securities* are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. The *Dow Jones Industrial Average* is an unmanaged index of 30 widely held securities. The *Dow Jones Transportation Average* is the most widely recognized gauge of the American transportation sector. The *Dow Jones Utility Average* keeps track of the performance of 15 prominent utility companies. The *S&P 500* is an unmanaged index of 500 widely held stocks. The *S&P Mid Cap 400 Index* is a capitalization-weighted index that measures the performance of the mid-range sector of the U.S. stock market. The *S&P Small Cap 600 Index* is an unmanaged index of 600 small-cap stocks. The *NASDAQ Composite Index* is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. The *NASDAQ 100 Index* is an unmanaged index of 100 of the largest non-financial domestic companies listed on the NASDAQ Stock Market's National Market. The *Russell 2000 index* is an unmanaged index of small cap securities which generally involve greater risks. The *KBW Bank Sector (BKX)* is a capitalization-weighted index composed of 24 geographically diverse stocks representing national money center banks and leading regional institutions. The *NYSE Arca Biotechnology Index (BTK)* is an equal dollar weighted index designed to measure the performance of a cross section of companies in the biotechnology industry that are primarily involved in the use of biological processes to develop products or provide services. The *Philadelphia Oil Service Sector Index (OSX)* is price-weighted index composed of 15 companies that provide oil drilling and production services, oil field equipment, support services and geophysical/reservoir services. The *PHLX Semiconductor Sector Index (SOXX)* measures the performance of U.S.-traded securities of companies engaged in the semiconductor business, which includes companies engaged in the design, distribution, manufacture and sales of semiconductors. The *Philadelphia Gold and Silver Index (XAU)* is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.

Foreign Markets Information: The *DAX* (German stock index) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. The *Bovespa* Index is a gross total return index weighted by traded volume & is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange. The *Nikkei 225* is a price-weighted index consisting of 225 prominent stocks on the Tokyo Stock Exchange. The *Hang Seng Index* is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of the overall market performance in Hong Kong. International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

Commodity Price Information: The *CRB Index* measures the overall direction of commodity sectors. The *US Dollar Index (USDIX)* is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies. Commodities are generally considered speculative because of the significant potential for investment loss. Commodities are volatile investments and should only form a small part of a diversified portfolio. There may be sharp price fluctuations even during periods when prices overall are rising.

Key Indicators Information: The *Arms Index* is a volume-based indicator, which determines market strength and breadth by analyzing the relationship between advancing and declining issues and their respective volume. The *McClellan Oscillator* is a market breadth indicator that is based on the difference between the number of advancing and declining issues on the NYSE. Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. The *CBOE Put/Call ratio* is a comparison of the trading volume of put options to call options and has long been viewed as an indicator of investor sentiment in the markets. Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US. Price Earnings Ratio (P/E) is the price of the stock divided by its earnings per share.

Additional information is available on request.