ALL STAR FINANCIAL

Contact Information:	asf@allstarfinancial.com
Main Number	**952-896-3820**
Bob Klefsaas	952-896-3816
Maren Aipperspach	952-896-3817
Bruce Bonner	952-896-3818
Paul Sommerstad	952-896-3835
Nick Hohn	952-896-3823
Kris Collins	952-896-3829
Valerie Moorhead	952-896-3826
Teri Neff	952-896-3820

Weekly Market Wrap

May 5, 2008

Review - Week Ending 05/02/2008

Stocks added to gains on better than expected economic data, firming earnings, and no surprises from the Fed. This week brings another batch of earnings, and a full schedule of economic releases. Overall the tone of both the stock and credit markets has gradually improved despite sluggish economic growth.

Commentary/Highlights

- **The Fed delivered with an expected 25bp interest rate cut last week,** bringing the Fed Funds rate down to 2.0%. They hinted at a pause but left the door open for more rate cuts on more economic weakness. The Fed and the ECB announced more liquidity measures for banks during the week. Both the ECB and BOE have interest rate meetings this week.

- **The economy was still growing in the 1st quarter according to the +0.6% GDP release.** Strong export growth was the key driver and should remain strong going forward. Still the economic picture remains a good news and bad news picture. **Good news:** 1) Earnings ex-financials remains positive, especially energy, materials, healthcare, and technology, 2) Jobs are stabilizing, 20K job loss was less than expected, 90K service jobs were added, 3) Export growth remains strong. **Bad news:** 1) Housing -no bottom in sight, 2) Oil-no top in sight, 3) Inflation is simmering –oil is at $120/bl, higher gas prices pass thru to other commodities via transport costs.

- The IMF and major **sovereign wealth funds (SWFs)** are forming a working group to develop investment guidelines for SWFs. The funds are expected to swell from over **$3 trillion today to over $12 trillion the next decade.**

- US Global Investors cites four reasons that commodity and gold runs may not be over despite recent correction: 1) Negative real interest rates, 2) real inflation is underreported, 3) ETF redemptions magnify corrections, 4) monetary growth has been 12-13% YTD.

- S&P upgraded **Brazil's sovereign debt to investment grade** last week, boosting both bond and stock returns for the leading Latin American economy.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Lehman Aggregate Bond	+0.65%	-0.33%	+1.83%
Lehman High Yield	+1.24%	+4.99%	+1.83%
Dow Jones Industrial	+1.34%	+6.65%	-0.61%
S&P 500 Index	+1.19%	+7.10%	-3.05%
Russell 3000	+1.10%	+7.05%	-3.14%
MSCI EAFE Index	+1.04%	+5.86%	-4.23%
MSCI EAFE Small Cap	+1.43%	+2.96%	-3.38%
NASDAQ Composite	+2.23%	+8.68%	-6.61%
Russell 2000	+0.57%	+5.59%	-4.86%