

**BERNO FINANCIAL MANAGEMENT, INC.**

7454 Jager Crt  
Cincinnati, Ohio 45230  
Telephone (513) 474-9191  
E-Mail: bruce@bernofinmgt.com

**FUN FACTS TO KNOW AND TELL**

**June 2010**

Stock market volatility returned with a vengeance in May, including what has been coined as the “flash crash” on Thursday, May 6<sup>th</sup>. Fears of economic problems in Greece rippling across Europe and affecting the U.S. economic recovery resurrected questions of a “V” shaped vs. “W” shaped U.S. recovery.

The stock market is driven in the short run by emotion and speculators but in the long run by economic growth and corporate profits. **Let’s examine some of the “Facts” and they are more “Fun” than the media would lead one to believe.**

Housing Starts: April up nearly 6% from March and up nearly 10% over past 6 month average. Housing starts are up 44% from one year ago.

Consumer Confidence rose in May for the third straight month. Consumer’s outlook for the next six months is the highest it has been since August 2007.

Real personal outlays jumped 3.6% in the first quarter, the strongest in 3 years, while first quarter savings rate remained a respectable 3.1%.

Industrial production in April was up an annualized 5.2%, the strongest in about ten years. Construction spending was up 2.7%, the biggest gain since 8/2000.

In April a net new 290,000 jobs were created, the largest monthly increase in 4 years. (66,000 were temporary US Census workers, but private sector jobs grew 231,000 compared to an 84,000 a month average over the previous 3 months).

Durable goods orders rose 2.9% in April, the best increase in 3 months. Gross Domestic Product was up 3% in 1st quarter; up for 3 quarters in a row.

**Bottom line:** We are not out of the woods yet and there is risk of retrenchment, but broad economic growth is good and this will lead to higher corporate profits and higher stock prices. **Three to five years from now we may well look back at this time period as a great time to be a long term investor.**

As always, your trust and confidence are important to us and we appreciate the opportunity to serve you! Please contact us with any questions you have.

**A monthly publication for our firm’s clients, prospective clients & friends.**  
FF201006