



April 2008

To Our Clients and Friends:

The US consumer finally succumbed to increased oil and gasoline prices as consumer spending decreased and sentiment hit new lows in the first quarter of 2008. Unemployment claims are now rising after years of declines. Profit taking in the basic materials and precious metals sector was expected and in fact, overdue; though prices have pulled back to test and hold at support levels. Bottom line for the quarter - equity and bond markets around the world declined through March 31, 2008. First quarter returns for the major indices were:

S&P 500	-9.92%
Dow Industrial Average	-7.75%
MSCI EAFE Index (International)	-8.41%
Municipal Bond Index	-4.77%
Merrill Lynch Corporate Bond Index	-0.27%

Of course there are some silver linings. In spite of the long-term ramifications of the Federal Reserve's continued interest rate cuts, the short term effects of easing credit and guaranteeing Bear Stearns debt has created needed stability in the financial markets. Agricultural and energy companies should continue to reward stockholders. Demand for agriculture based products and services continue and oil prices are not likely to retreat any time soon due to the weak dollar and global unrest.

We can not confirm that the bad news is over for financial stocks but the chart's indicate the bottom has been tested and has held; a bullish sign. Existing home inventories have fallen three of the last four months and mortgage applications surged by 28% last month. Domestic real estate investment trusts, offering high yields are an attractive value.

Many clients are concerned that the appearance of the name Bear Stearns on their United Asset managed account statements indicates an actual investment in Bear Stearns bonds or stocks. 99% of the time this is NOT the case. Rather, you may own reverse convertible notes, a structured product linked to the homeland security index or a basket of commodities that were developed by Bear Stearns and thus their name appears on your statements.

Tax season is coming to an end and we want to remind you that some investments generate K-1 reports rather than 1099's. Unlike 1099's (due to the taxpayer by January 31), K-1's are not due until March 31. With this in mind, we recommend that tax returns be filed after this date to ensure that all required tax information is properly disclosed.

As always if you have any questions or expect a change in your financial picture please call for an appointment. Enjoy your spring season.

The Professional Staff of United Asset Strategies, Inc