

The month that was April 2010

Published 05/03/10

In the Boyar Universe

Are you tired of throwing money out the window on taxes?



(April 15th means taxes)

Boyar Asset Management prides itself on its buy-and-hold philosophy, which tends to minimize an investor's tax bill come April 15th by taking advantage of favorable long-term capital gains rates.

For information on our tax-efficient approach to stock market investing*, call Jonathan Boyar at (212) 995-8300 ext. 215 or email Jboyar@boyarvalue.com.

By The Headlines

- Greece sought a \$60 billion bailout from its EU partners and the IMF when it could no longer access international credit markets. It soon became evident that \$60 billion wasn't nearly enough to stave off the crisis, and the Standard & Poor's Ratings Agency downgraded Greece's debt to junk status. Greece, a country of 11 million people, might be thought too small to be of great consequence, but the ripple effects of the Greek crisis were immediately felt in Portugal, whose debt was downgraded two notches and in Spain, whose debt was also downgraded. The fear is that the default of one country could set off a chain of crises in Europe's most indebted countries, imperiling the euro. The recent turbulence in financial markets is pressuring Germany, by far the richest member of the euro zone, to promise immediate aid, but German politicians are in a bind, because despite the apparent necessity of such action, it is deeply unpopular with voters.
- As if Europe didn't have enough to worry about, Iceland's difficult-to-pronounce Eyjafjallajökull volcano erupted and sent a cloud of ash over most of Northern and Central Europe, resulting in a near-total flight ban in the region for almost a week. Over 100,000 flights were cancelled. The financial cost to airlines is estimated to be \$1.7 billion.
- The Securities and Exchange Commission (SEC) filed civil charges against Goldman Sachs. The bank stands accused of failing to disclose that John Paulson's hedge fund was short a portfolio of collateralized-debt obligations that it had helped select. Neither Mr. Paulson nor his firm is accused of wrongdoing, and Goldman Sachs maintains it is innocent of the charges.
- Goldman Sachs's Lloyd Blankfein was not the only banking titan dragged to Capitol Hill in April. Former Citigroup CEO Charles Prince appeared before Congress and apologized for his role in the financial crisis: "I am deeply sorry that our management – starting with me – was not more prescient, and that we did not foresee what lay before us."
- A bill that would provide sweeping overhaul of financial reform moved to the Senate floor after Republicans abandoned their blockade of the legislation. Passage of the bill, which would include major restrictions on proprietary trading by banks (the "Volcker rule") now appears likely.

By the numbers

	April	YTD 2010
Dow Jones Industrial Average	↑ 1.7%	↑ 6.6%
S&P 500	↑ 1.7%	↑ 7.2%
NASDAQ	↑ 2.6%	↑ 8.5%

	April 30, 2010	March 31, 2010	Dec. 31, 2009
10-Year Treasury	3.67%	3.83%	3.84%
30 Year mortgage, fixed	5.22%	5.26%	5.48%
Libor, 3-month	0.35%	0.29%	0.25%
Prime rate	3.25%	3.25%	3.25%
Money market, annual yield	0.78%	0.79%	0.92%
Euro	1.33	1.35	1.43
Pound	1.53	1.52	1.61
Yen	93.96	93.44	92.88
Crude Oil	85.17	82.37	79.28
Gold	1,166.75	1,107.00	1,092.50
Copper	3.33	3.56	3.33
Unemployment	TBD	9.7%	10.0%
US Debt	\$12.9 trillion	\$12.7 trillion	\$12.2 trillion

Quotable

“It is 50-50 whether the euro zone breaks up. The damage the break up would cause is so great that I think that as people realize it, they will pull back from the brink. But we are at the brink now...a solution has to be found in a matter of days.”

– George Soros, hedge fund manager, commenting on the economic crisis in Greece, as quoted in the Financial Times (April 11, 2010)

“Greece has made it clear they don’t want speculators and they banned them from participating in the auctions. But it’s the speculators Greece needs to buy speculative paper.”

– Axel Merk, President of of Merk Investments, as quoted in the Wall Street Journal (April 12, 2010)

“The time has come. It is a necessity. It is a national and pressing necessity.”

– Greek Prime Minister George Papandreou, addressing his country on April 22nd after requesting a \$60 billion bailout from the IMF and the European Union.

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Miscellaneous

In early April, the Wall Street Journal wrote about Curt Degerman. “Tin Can Curt” was to all appearances an impoverished tin can collector, but he made a fortune by investing his meager savings in the stock market, which he tracked at the public library. When he died, he bequeathed \$1.4 million to relatives.

The story reminded us of our friend Norman Kissler, a longtime Boyar Asset Management client. Mr. Kissler worked for the post-office and accumulated several million dollars through stock market investing and extraordinary frugality. Unfortunately, thrift ultimately worked against Mr. Kissler, because he hired the cheapest lawyer he could find to do his estate planning. When he passed away, the will in his possession was ruled invalid, so instead of his savings going to the New York Public Library, which he loved, they went to a relative who he detested. We remind our readers to ensure their affairs are in order. You never know when your time will be up.

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