

# Monthly Newsletter: March 2010

- **9th March 2009 was the date on which the US equity markets turned the corner, experiencing a bounce in excess of 60% after the worst recession since The Great Depression. March 2010 has been somewhat more sedate, nevertheless it may well be credited with being the first month since coming out of the recession, when real evidence of sustained economic growth became evident in the United States. All eyes were on the government Jobs Report and it did not disappoint: corporate payrolls increased in March by 224,000 with the two prior months having been revised upwards by 62,000. In the number were 48,000 temporary census-worker jobs. The Labor Department's household survey shows that 1.1 million new jobs have been created in the first quarter of 2010, or 371,000 per month. Although the unemployment rate remained at 9.7% , the general expectation is that should this trend in hiring continue, the rate will start to decrease. The lesser watched Employment Index is in strong territory at 55.1, which includes a 10% month-over-month gain. Other important data also points to solid economic growth:**
  - \* **The overall ISM Manufacturing Index rose to 59.6 in March from 56.5 in February, the highest reading since July 2004. Historically a figure above 42 has pointed to expansion in the overall US economy, translating into an annualized 5.9% GDP.**
  - \* **Manufacturing growth may be sustained for quite some time as the New Orders Index expanding to a huge 61.5.**
  - \* **The Inventories Index spiked from 47.3 in February to 55.3 in March after 46 months of contraction. An Inventories Index greater than 42.6 is generally consistent with expansion in overall manufacturing inventories.**
  - \* **The Export Index rose to 61.5, the highest in more than twenty years, while the Import Index recorded a strong 57,**

meaning that demand growth in the local US economy is gathering pace.

- \* **Transport industry data supports the growth in manufacturing: IATA reports show air traffic cargo in North America grew by 34.1% in February. Rail traffic is up 16.5% over the comparable period in 2009 while sales revenues have surged at FedEx and UPS.**
- **There were fears that consumer spending had come to a halt; this has not been true. Shares in consumer discretionary stocks such as sports apparel maker Nike, electronic stores like Best Buy and even high-end stores like jewellers Tiffany, have all soared in 2010. Restaurants stocks like Darden, Yum! And The Cheesecake Factory have performed strongly as has the hotel and airline business. The government's "Cash for Clunkers" programme has breathed new life into US auto sales with Ford sales jumping 39.8% from a year ago. Apple fans queued for hours outside US retail outlets to purchase the newly-released iPad: 300,000 units were sold on the first day and 68,000 offers were posted on EBay by individuals looking to profit from international demand. Apple shares hit an all time high at US\$239.50.**

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**The Annual General Meeting of US 50 Fund Limited will be held at 5.30pm on Monday 12th April 2010. The venue is the company offices, Level 5, DLA Phillips Fox Tower, 205 Queen Street, Auckland.**

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## Fund Performance in March 2010

US 50 Fund Ltd	+ 6.04%
GH Emerging Markets Fund Ltd	+ 5.52%
GH-Midas Fund Ltd	+ 3.88%

\*\* Performance (unaudited) after Fees, Expenses and Tax.