

Today

The first quarter earnings season got off to a roaring start with record income from Alcoa Inc. That should generate optimism on Wall Street today. Minutes from the Federal Reserve's March meeting may also move the markets.

Alcoa earnings

Aluminum producer Alcoa (AA), the first Dow Jones industrial component to report first-quarter profit, saw its earnings-per-share rise 10 percent from a year ago. The results beat Wall Street forecasts by 2 cents per share. Rising income from prefabricated aluminum products and engineered solutions bolstered the bottom line, and higher commodity prices offset a slip in demand.



The Fed's view

The Federal Reserve will release the minutes of its March 20-21 meeting at 2 p.m. EDT today. The minutes offer more candid opinions about the state of the economy and the risk of inflation than the carefully worded policy statements from Fed Chairman Ben Bernanke that come along with the Fed's interest rate decisions. Wall Street will look closely for signs of higher inflation risk, especially with the strong recent jobs report.



Bernanke

How cheap is cheap?

Historically, the Standard & Poor's 500 index has traded at a price-earnings ratio of 19.8. Currently, that ratio is 15.9 — seemingly cheap. Yet even though the market's average P/E is low, many sectors are more expensive.

	P/E
Information technology	23.0
Healthcare	19.2
Consumer discretionary	19.0
Consumer staples	18.7
Telecommunications	18.7
Industrials	16.9
Utilities	16.9
S&P 500	15.9
Materials	15.1
Financials	12.7
Energy	10.0

Source: Dow Theory Forecasts

Briefly

Merrill Lynch's North America economist, David Rosenberg, touched a nerve with Wall Street veterans when he said late last month that the economy appeared to be heading toward modern-day "stagflation." This week, Rosenberg backed away from the term, which many associate with 1970's-style double-digit inflation, noting the "tremendous emotion" it evoked. He's got a new phrase, though: "slowflation."

Expect volatility in the oil market today as the Energy Department releases its national inventory report, due out at 10:30 a.m. EDT.

Companies releasing earnings include insurer **Progressive Corp.** (PGR, \$0.46 est./\$0.55 pvs.) and, after the bell, retailer **Bed Bath & Beyond Inc.** (BBBY, \$0.78/\$0.67) and biotech company **Genentech Inc.** (DNA, \$0.67/\$0.46).

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Exchange Traded Funds

NAME	TICKER	LAST	CHG	YTD
DJIA Diam	DIA	124.99	+1.34	+0.5
HSCardDv n	HHE	25.15	+0.40	+0.5
HSDiag n	HHH	25.48	+0.53	+0.8
HSECanc n	HHJ	25.89	+0.86	+4.9
HSETech n	HHV	26.04	...	+1.8
HSPatCre n	HHB	27.12	+0.29	+7.7
iShJapan	EWJ	14.61	+0.12	+2.8
iShDJdv	DVY	72.21	+0.47	+2.1
iShSP500	IWM	143.96	+1.56	+1.4
iShEmMkt	IVV	119.10	+1.65	+4.3
iSh1-3TB	SHY	80.18	...	+0.3
iShEAFE	EFA	77.14	+0.64	+5.4
iSR1KV nya	IWD	84.02	+0.71	+1.6
iSR1KG nya	IWF	56.40	+0.71	+2.5
iShR2K nya	IWM	80.53	+0.78	+3.2
iShSP5ml	IJR	68.79	+0.65	+4.2
IntlntHTr	HHH	57.01	+1.09	+8.8
Nasd100Tr	QQQQ	44.16	+0.57	+2.3
PwSHardw	PHW	17.38	+0.14	+0.5
PwSVall	PIV	17.04	+0.17	+0.6
sT MStech	MTK	56.28	+0.53	+6.6
SPDR	SPY	143.69	+1.53	+1.5
SP Mid	MDY	156.12	+1.27	+6.7
sT Gold	GLD	65.83	-0.02	+4.1
VangTSM	VTI	143.11	+1.29	+2.1

Interest rates

TREASURIES	YEST	PVS	NET CHG	WK	MO	QTR	1YR AGO
3-month T-bill	4.91	4.91	...	▼	▼	▲	4.50
6-month T-bill	4.87	4.86	+0.01	▼	▲	▲	4.64
1-year T-note	4.86	4.87	-0.01	▲	▲	▲	4.85
2-year T-note	4.57	4.57	...	▲	▲	▼	4.82
5-year T-note	4.53	4.53	...	▲	▲	▼	4.81
10-year T-note	4.64	4.64	...	▲	▲	▲	4.85
30-year T-bond	4.83	4.84	-0.01	▲	▲	▲	4.89

BONDS	YEST	PVS	NET CHG	WK	MO	QTR	1YR AGO
Lehman Bros Bond Idx	4.86	4.86	...	▲	▲	▲	5.04
Bond Buyer Muni Idx	4.59	4.61	-0.02	▲	▲	▲	4.80
Lehman US Inv Grade	5.28	5.27	+0.01	▲	▲	▲	5.47
Lehman US High Yield	7.59	7.59	...	▲	▲	▲	8.13
Moody's Bond Index	5.43	5.41	+0.02	▲	▲	▲	5.67
Bank Index	112.15	113.86	-1.71	▼	▼	▼	106.23
DJ Corp Bond	199.64	199.42	+0.22	▼	▼	▲	186.19

PRIME RATE	FED FUNDS
YEST	8.25
6 MO AGO	8.25
1 YR AGO	7.75
	4.75



Stocks Recap

	NYSE	NASD	DOW	HIGH	LOW	CLOSE	CHG.	%CHG.	WK	MO	QTR	YTD
Vol. (in mil.)	2,797	1,712	DOW Trans.	12394.98	12324.28	12382.30	+27.95	+0.23%	▼	▲	▲	-0.65%
Pvs. Volume	2,813	1,976	DOW Util.	4818.74	4785.80	4816.83	+6.13	+0.13%	▼	▲	▲	+5.63%
Advanced	2089	1514	NYSE Comp.	9307.89	9249.32	9305.55	+43.73	+0.47%	▼	▲	▲	+11.70%
Declined	1217	1513	NASDAQ	2427.94	2409.04	2422.26	+0.62	+0.03%	▼	▲	▲	+0.29%
New Highs	199	95	S&P 500	1425.49	1416.37	1424.55	+3.69	+0.26%	▼	▲	▲	+0.44%
New Lows	29	64	S&P 400	852.52	847.63	852.41	+3.94	+0.46%	▼	▲	▲	+5.97%
			Russell 2000	803.22	798.17	803.22	+2.51	+0.31%	▼	▲	▲	+1.98%
			Wilshire 5000	14452.45	14369.36	14447.55	+38.28	+0.27%	▼	▲	▲	+1.33%

Consumers and investors stick with staples

Home Depot or Wal-Mart? Starbucks or Budweiser? One of the keys in picking which consumer stock to buy is knowing how the economy is expected to fare.

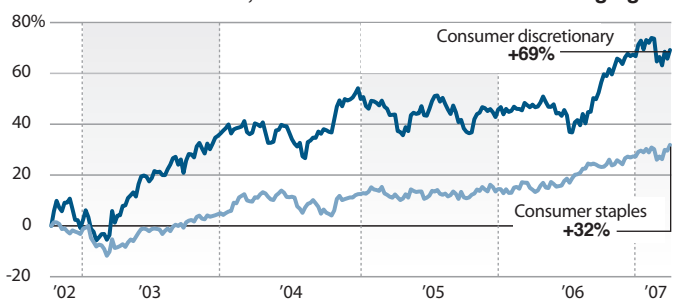
The consumer staples sector of the Standard & Poor's 500 index consists of companies whose products and services are considered essential — food producers, drug stores and makers of personal care products like soap and toothbrushes. The discretionary sector consists of companies that make products that aren't as critical to daily living, such as entertainment companies and high-end clothing makers.

Since the bull market began in October 2002, discretionary stocks have markedly outperformed staples. "When you have a strong, growing economy and more jobs, the feeling is that consumers will spend more on things other than the essentials," says Jack Ablin, chief investment officer at Harris Private Bank.

So far this year, however, most staples have outperformed discretionary stocks, as have exchange-traded funds that track staples. "The economy is slowing now, and that's going to help staples as investors move to what's considered the more defensive sectors," Ablin says.

Consumer staples are expected to have the best first-quarter earnings

Discretionary stocks have outperformed staples since the bull market started in October 2002, but Wall Street thinks that's changing.



Discretionary stocks generally have underperformed staples this year

COMPANY	P/E	YTD	COMPANY	P/E	YTD
Avon Products (AVP)	36.8	17.6%	Federated Stores (FD)	24.7	19.7%
Archer Daniels (ADM)	15.2	15.6	Nike (NKE)	19.8	8.0
CVS/Caremark (CVS)	21.6	12.1	McDonald's (MCD)	16.1	2.6
Altria Group (MO)	12.4	10.8	General Motors (GM)	n/a	1.7
Safeway Inc. (SWY)	18.6	6.8	Staples (SPLS)	20.0	-1.3
Anheuser Busch (BUD)	20.2	4.7	Home Depot (HD)	13.6	-4.6
Wal-Mart Stores (WMT)	17.8	4.6	Time Warner (TWX)	13.4	-5.1
General Mills (GIS)	18.5	3.0	Comcast (CMCSA)	33.3	-6.6
Coca-Cola (KO)	22.9	2.3	Limited Brands (LTD)	16.0	-8.8
Procter & Gamble (PG)	22.4	-1.4	Starbucks (SBUX)	41.9	-11.5
ETFs	YTD		ETFs	YTD	
Vanguard Consumer Staples ETF (VDC)		4.3%	Vanguard Consumer Discretionary ETF (VCR)		2.0
Select Sector SPDR Consumer Staples (XLP)		4.0	Select Sector SPDR Consumer Discretionary (XLY)		0.6

gains (10 percent) and consumer discretionary companies the biggest drop (10 percent) among the 10 sectors in the Standard & Poor's 500. Investors need to keep watching economic reports, however.

Friday's strong report on jobs created in March makes it unclear how much the economy is slowing. If strong growth returns, discretionary stocks could outperform staples once again.

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Local Stocks

NAME	TICKER	52-WK RANGE	CHG	%CHG	WK	MO	QTR	YTD	1YR	VOL	P/E	DIV
AT&T Inc	T	24.72	39.86	+0.05	▲	▲	▲	+10.4%	+50.8%	27005	21	1.42f
Adv Micro Dev	AMD	12.96	35.75	-1.83	▼	▼	▼	-37.0%	-60.6%	16485	dd	...
Altria Group	MO	49.78	65.90	+2.32	▲	▲	▲	+9.2%	+28.7%	23664	12	3.44
Apple Inc	AAPL	50.16	97.80	+0.82	▲	▲	▲	+10.4%	+48.1%	17284	34	...
Applied Mats	AMAT	14.39	19.79	+0.04	▲	▲	▲	-0.5%	+5.8%	24589	16	0.24f
Bank of America	BAC	44.54	55.08	-1.22	▼	▼	▼	-5.5%	+16.8%	13700	11	2.24
Broadcom Corp	BRCM	21.98	46.97	+0.50	▲	▲	▲	+0.8%	-25.7%	14834	51	...
Brocade Commun	BRCD	4.91	10.58	9.71	▲	▲	▲	+18.3%	+42.5%	11445	29	...
CMGI Inc	CMGI	0.98	2.50	2.16	▲	▲	▲	+61.2%	+43.2%	17738	43	...
CVS/Caremark Corp	CVS	27.09	36.14	34.42	▲	▲	▲	+11.4%	+14.8%	16741	22	0.24f
Cisco Syst	CSCO	17.10	28.99	25.40	▲	▲	▲	-7.1%	+17.8%	32783	24	...
Citigroup	C	46.22	57.00	51.05	▲	▲	▲	-8.3%	+12.9%	16181	11	2.16f
Countrywide Fnc	CFC	32.20	45.26	32.73	▲	▲	▲	-22.9%	-6.7%	14576	8	0.60
DRDGold Ltd	DROOY	0.54	1.98	0.69	▲	▲	▲	-23.3%	-56.8%	18742
Dell Inc	DELL	18.95	30.25	23.02	▲	▲	▲	-8.3%	-22.0%	15519	19	...
Dendreon Corporation	DNDN	3.57	18.05	14.30	▲	▲	▲	+242.9%	+174.5%	42524	dd	...
EMC Corp	EMC	9.44	14.89	10.23	▲	▲	▲	+6.7%	+1.6%	30746	26	...
Exxon Mobil Corp	XOM	56.64	79.00	76.16	▲	▲	▲	-0.6%	+26.1%	19265	12	1.28
First Data Corp	FDC	20.69	27.23	32.45	▲	▲	▲	+27.2%	+6.1%	11688	18	0.12
Ford Motor	F	6.06	9.48	8.09	▲	▲	▲	+7.7%	+1.0%	42834	dd	...
FMC&G	FCX	43.10	72.20	66.73	▲	▲	▲	+19.7%	+17.9%	11537	10	1.25a
Gen Electric	GE	31.61	38.49	35.29	▲	▲	▲	-5.2%	+4.7%	21131	18	1.12
Global Imaging Sys	GISX	18.03	23.69	28.64	▲	▲	▲	+30.5%	+2.7%	15973	22	...
Halliburton	HAL	26.33	41.99	32.27	▲	▲	▲	+3.9%	-12.2%	31267	15	0.30
iShare Japan	EWJ	12.27	15.55	14.49	▲	▲	▲	+2.0%	+1.9%	21833	q	0.10e
iShares Rus 2000	IWM	64.61	82.49	79.75	▲	▲	▲	+2.2%	+5.7%	32765	q	0.82e
Intel Corp	INTC	16.75	22.50	19.13	▲	▲	▲	-5.5%	+0.4%	53042	22	0.45f
JPMorgan Chase & Co	JPM	39.33	51.95	48.24	▲	▲	▲	+0.6%	+19.5%	13548	12	1.36
Kraft Foods	KFT	28.97	36.67	30.85	▲	▲	▲	-13.6%	+7.7%	48448	17	1.00
LSI Logic	LSI	7.41	11.79	10.23	▲	▲	▲	+13.7%	-9.7%	20406	24	...
Level 3 Commun	LVL3	3.37	6.80	6.07	▲	▲	▲	+8.4%	+17.8%	15418	dd	...
Merck & Co	MRK	32.75	46.55	45.01	▲	▲	▲	+3.2%	+29.7%	13038	22	1.52
Micron Tech	MU	11.22	18.65	12.13	▲	▲	▲	-13.1%	-17.9%	20427	17	...
Microsoft Corp	MSFT	21.46										