INSIDE THIS ISSUE

Reminiscences

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MARKET COMMENTARY: *April 2010*

The stock market, in our opinion, has the wherewithal to trade higher before year end. Our 2010 target for the S&P is 1,325 or an additional 12% and just under 20% for 2010. The DJIA equivalent would be 12,400. We had previously been of the view that the market had the wherewithal to produce a double digit gain with disciplined, timely intelligent stock selection.[1]

Our upgrade or revised target is a result of several factors:

• We have not been enthusiastic regarding the averages in part because many of the large, significant index contributors would likely be "drags" on the index. But GE is up over 20%, Citigroup is +30% and Microsoft has broken over $30. Exxon, Telephone, and Wal-Mart may not follow suit but large stocks are now likely to be contributors rather than detractors.

> "I should say that a chart helps those who can read it or rather who can assimilate what they read. The average chart reader, however, is apt to become obsessed with the notion that the dips and peaks and primary and secondary movements are all there is to stock speculation. If he pushes his confidence to its logical limit he is bound to go broke."
>
> ~ Reminiscences of a Stock Operator ~
> by *Edwin Lefevre*

• We are impressed with the developments *within* the market. Housing may continue to be an issue and sluggish, but NVR is telling us that the worst is behind us. The economy may be struggling and lackluster going forward but we submit that US Steel, Cummins, Federal Express and many other stocks respectfully disagree.

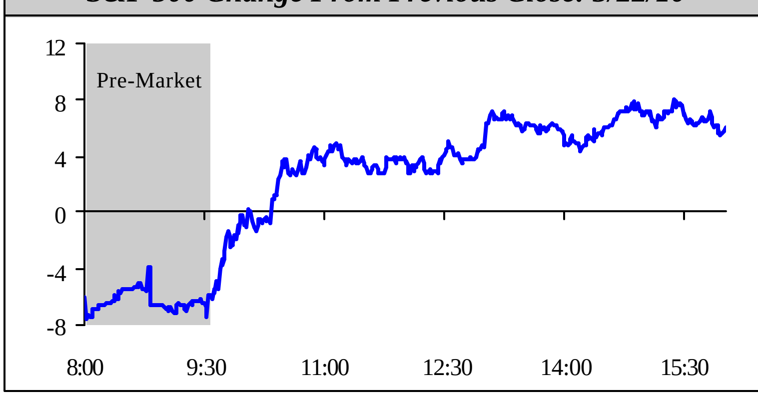
Consumers are (economists write), cautious, extended, hesitant and concerned. But Ralph Lauren and specialty retailers (a group which does not include RL) not to mention Priceline or Amazon are not going higher because of *government* stimulus.

Selected Stock Performance

	Performance Since 3/9/09
NVR	129.50%
US Steel	264.70
Cummins	215.20
FedEx	163.24
Ralph Lauren	165.25
Amazon.com	124.17
Priceline.com	227.03
Specialty Retailers	95.44

• Given our trading background and approaches, we are impressed with the resilience of the market which, in effect, is what trading desks mean when they say the market "acts well." The most recent example might have been Monday March 22nd. The day after health care legislation, Tiffany's warning and continuing concern regarding Greece, the market traded sharply lower pre-market. Europe was down over 1%, Asia 0.5% and emerging names were off 0.7%. But shortly, very shortly, after the US market opened, it firmed and rallied.

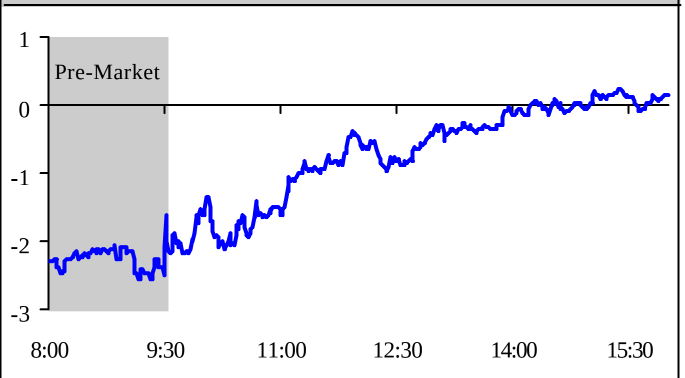
S&P 500 Change From Previous Close: 3/22/10



[1] "Birinyi Sees U.S. Stocks Rising 10% or More in 2010." *BusinessWeek*. 1/21/10.

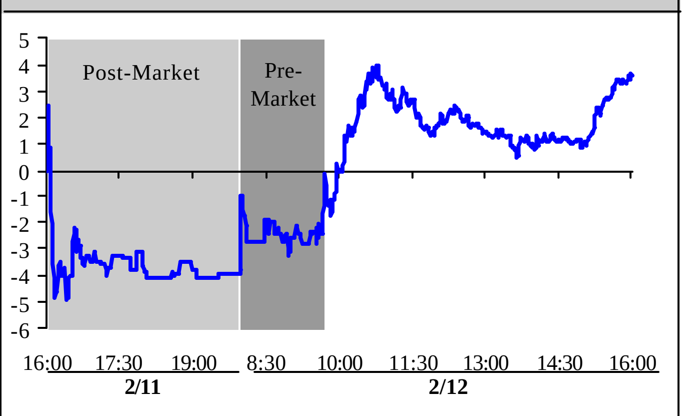
This has also been the case with any number of stocks including the previously mentioned Tiffany's.

Tiffany's Change From Previous Close: 3/22/10



Another that we clearly recall was Chipotle Mexican Grill whose earnings were initially viewed as negative. However, it not only recovered the next morning but rallied sharply and continues to set new highs.

Chipotle Grill Change From Previous Close: 2/12/10



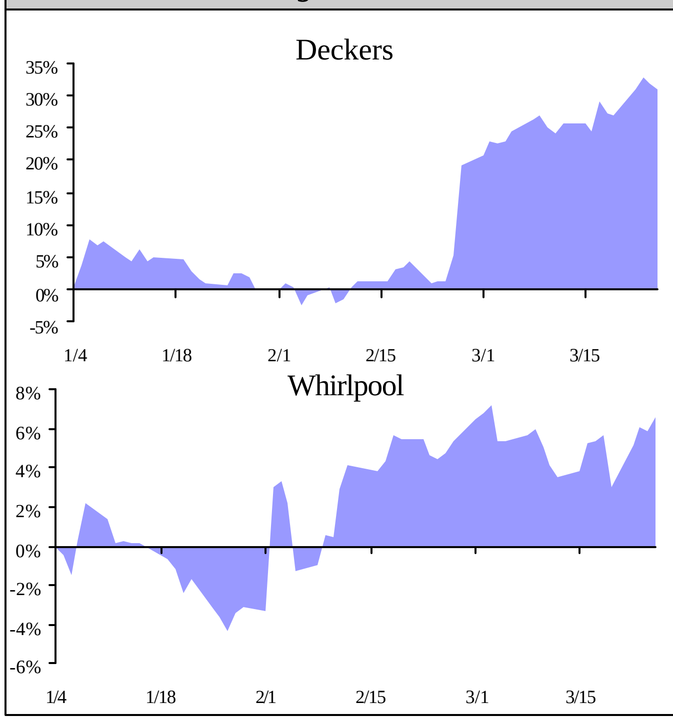
- As we have regularly noted, the negative case is neither compelling nor persuasive. The economy *could* have another dip, earnings *could* falter, inflation *could* appear, and Greece *could* default. Opinions are, as we have painfully learned, poor currency in the market.

We might also suggest that many negative conclusions are likewise "sketchy." One analyst has written that the market is expensive based on his approach to multiples. We have always contended that if one is to use an unconventional or unique approach to definitions it should clearly be so stated and rationalized. In this case the market multiple is based on current price and ten year average earnings. This approach has - bluntly - been wrong or at least not useful for the last year and we wonder why it should be more credible today or tomorrow.[2]

- At the same time, we would argue that the market is not expensive and many stocks are likewise attractive. The current EPS consensus of $77 for the S&P 500 and our 1,325 price target equate to 17 times earnings which is neither cheap nor extraordinary.

Equally important, many stocks despite their gains are still attractive. We would highlight a few names such as Deckers Outdoor and Whirlpool. Both are stocks which have had especially strong relative results. But DECK (up 37%) is trading at less than 15 times estimates while WHR (+12%) is selling at less than 14 times.

Relative Strength vs S&P 500: 2010



Additionally, screening for stocks in the S&P 500 which have gained more than the S&P 500 in 2010, still sell at an attractive forward PEG and where Wall Street analysts expect earnings to be up at least 10% this year yields the following companies:

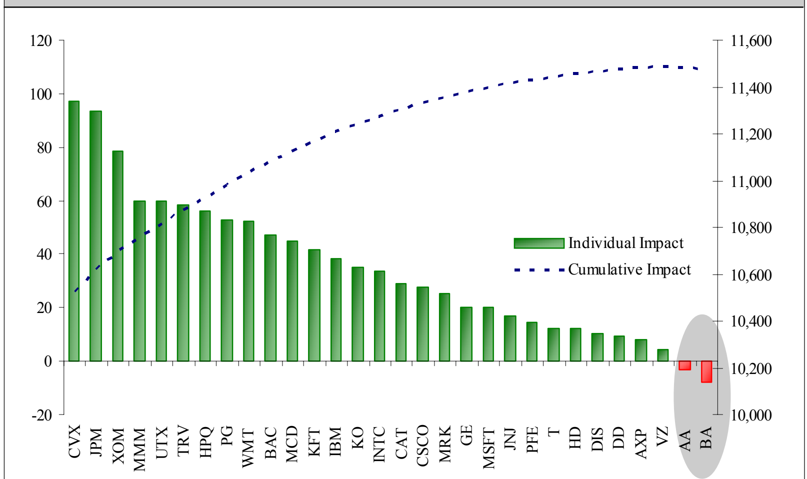
Fundamentally "Cheap" Stocks

	Price	YTD Gain vs S&P	PEG	Yearly Est EPS Growth
AAPL	$230.90	4.95%	0.99	73.59%
AMP	43.96	8.62	0.78	14.73
AZO	174.22	5.60	0.90	18.14
BBY	43.16	4.76	1.01	13.74
BK	30.90	5.86	1.20	21.35
COH	40.31	5.73	1.20	13.40
DD	37.69	7.32	1.21	15.32
EMN	63.37	0.58	1.23	23.31
M	21.72	24.98	1.17	20.96
PCLN	252.11	10.81	1.23	31.65
TGT	54.37	7.79	1.04	10.33

[2] "Dump Stocks, Buy Bonds." *Forbes*. 7/13/09.

• Investors, if they subscribe to Wall Street, may be forced to or are in the process of repositioning themselves. We would note that at the beginning of the year, a bottoms up stock selection analysis yielded Chevron, JP Morgan and Exxon as the most favored DJIA names while Boeing was expected to be down in the year and the worst performer:

DJIA Expected Member Impact for 2010 as of 12/31



But Boeing is the Dow's *best* performer, up almost 37%. (Do you still think Wall Street research is useful)?

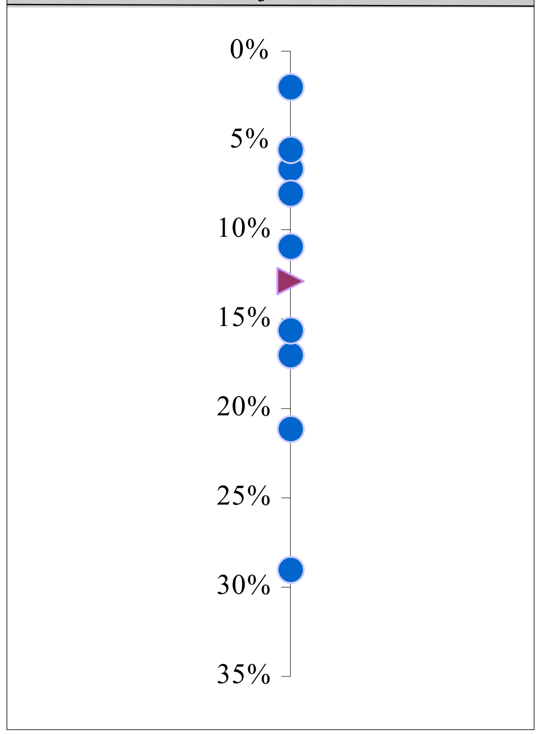
• Sentiment is tepid. On a recent appearance with Mr. Kudlow we were paired with a manager who was a "concerned bull." That species along with a "scared bull", "go along bull", and "reluctant bull" comprise a large part of the investment universe. Any number of headlines and stories reflect this attitude:

"Stocks' Run Draws Yawns From Buyers"	*WSJ*
"Worries Rebound On Bull's Birthday"	*WSJ*
"Stocks Soar, But Many Analysts Ask Why"	NYT
"Is Another Market Pullback Near?"	*Barron's*
"It's time to question whether this rally can go on"	*FT*

On December 31st, Wall Street strategists collectively looked for a 1,224 market on $75 earnings; those numbers have been lifted to 1,234 and $77. This is hardly exciting nor bullish. They are, therefore, more likely to be raised than lowered.

• History is supportive of markets in their second year as well as strong first quarter. First, the second year of the last nine bull markets has an average - but inconsistent - double digit gain:

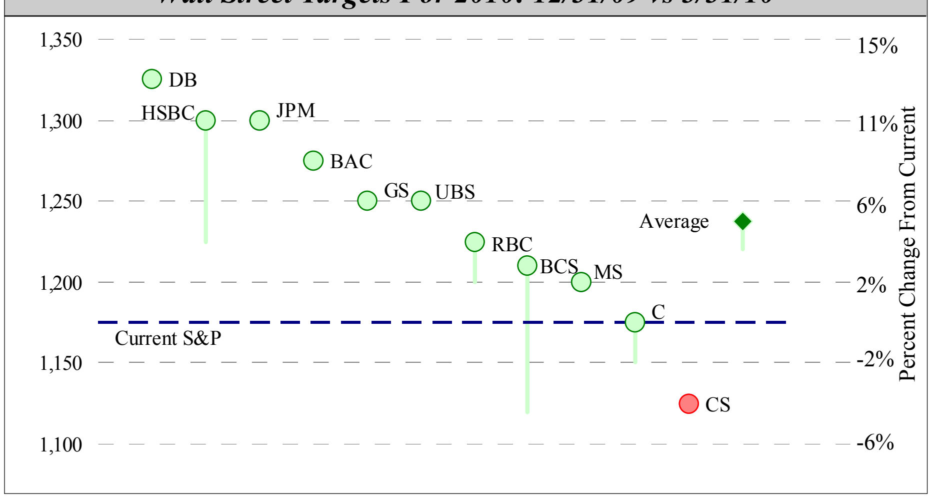
S&P 500 Bull Market Second Year Performance



Signs of the Apocalypse

In perhaps a sign of the times (or just bad luck) a women with a gun recently robbed 11 customers at a California convenience store and got away with just $6. That is just 55 cents from each victim. The police noted in their report that she fled in an "old car."

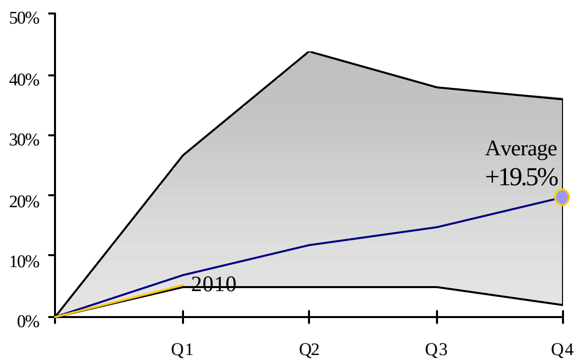
Wall Street Targets For 2010: 12/31/09 vs 3/31/10



Markets whose first quarter is up 5 to 10% have a good record although we do note that like bull markets themselves, the middle tends to be a struggle.

Range of Performance After First Quarter of +5% to +10%

	S&P 500 Performance					
	Q1	**Q2**	**Q3**	**Q4**	**Q1 to End**	**Year**
1963	5.50	4.21	3.36	4.63	12.69	18.89
1964	5.28	3.43	3.05	0.68	7.31	12.97
1971	8.86	-0.61	-1.36	3.81	1.77	10.79
1972	5.01	-0.06	3.18	6.78	10.12	15.63
1979	5.70	1.30	6.23	-1.26	6.25	12.31
1983	8.76	9.90	-1.21	-0.69	7.83	17.27
1985	8.02	6.19	-5.09	16.04	16.95	26.33
1989	6.18	7.84	9.80	1.22	19.85	27.25
1995	9.02	8.80	7.28	5.39	23.01	34.11
2010	5.30	-	-	-	-	-
Average	**6.92%**	**4.56%**	**2.80%**	**4.07%**	**11.75%**	**19.51%**



This is not to dismiss concerns. For one we will be the first to acknowledge that many stocks such as Deckers Outdoor and Whirlpool have had very strong short term runs and some consolidation would not be surprising. **Consolidation, however, could be an element of time, not price.** Thus, the market may trade or mark time and not necessarily correct in price.

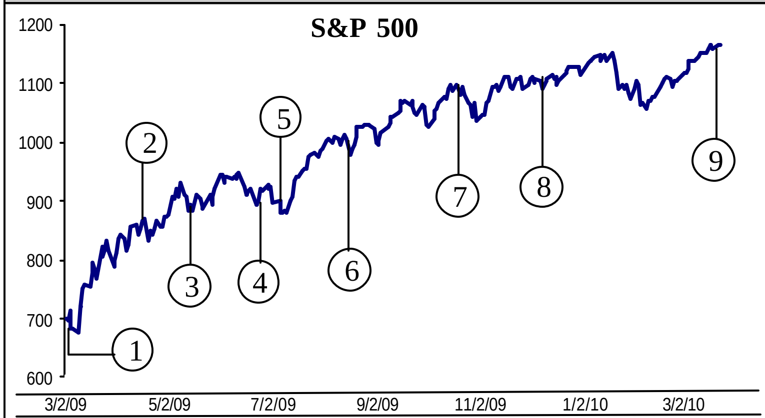
In addition the pattern of energy stocks is not nearly as positive as it was in 2007.

We are also less than encouraged by the conversion of the bears and especially those of a technical nature. One wrote on February 5th that we had seen our highs for the year but more recently on March 18th wrote that the "S&P may gain 7% after reaching 1,150. May advance to the range of 1,220 - 1,230."

Another chartist actually breathed a 1,000 DJIA in a commentary (January 29th) but on March 18th turned positive and commented that "the Dow above the midpoint [10,725] is a big positive for equities."

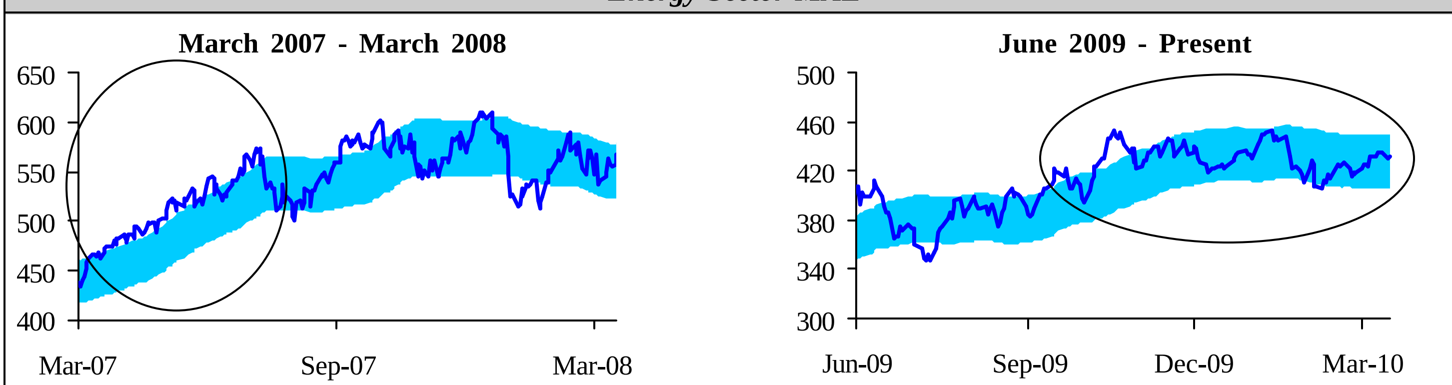
(But the good news is that many of the bears remain resolute. One short fund manager continues to argue that this is still the dawn before the storm).

Bear Fund Manager



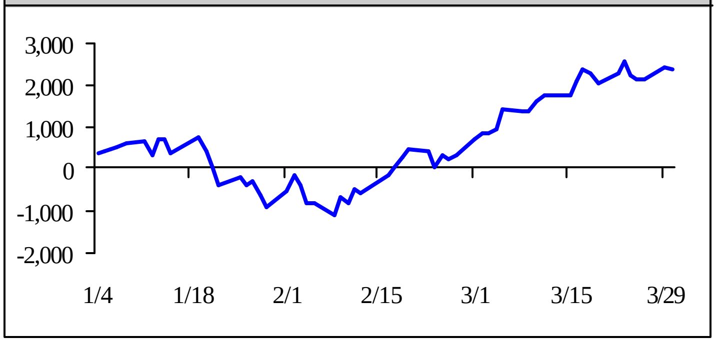
1. 3/04/09: "US stocks...will keep falling as earnings drop more than analysts estimate"
2. 4/17/09: "S&P will plunge 62% as profits continue to shrink"
3. 5/12/09: "The S&P may fall 56% after a 'bear market rally'"
4. 6/22/09: "We believe that we're going a lot lower"
5. 7/01/09: "We have never been more convinced that the worst is not yet over"
6. 8/14/09: "A drop to 400 is likely within a year"
7. 9/22/09: "...has been predicting an end to the stock market rally throughout its six month advance"
8. 12/4/09: "...recommends 'Defensive' strategy to investors"
9. 3/19/10: "...says stock market decline potential is 'huge'"

Energy Sector MAE



We are also less than excited about the technical circumstances and specifically the advance decline line which shows a very robust gain.

S&P 500 A/D Line: 2010



One manager recently told us that he was encouraged by the number of stocks going up and the number making new highs. We would rather have less stocks and more discrimination because if everything is going up it is hard to determine what the market is telling us.

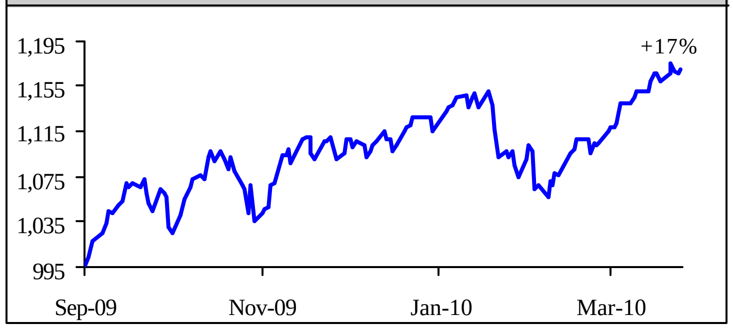
As a result picking the winners is more difficult. Our growth names this year are up nicely and in line with the market but as our friends know, last year's picks were outstanding because there was some discrimination. If everything is rising we wonder if perhaps it is not just people throwing money at the market and not really making investment decisions.

We recognize that increasing risk at this juncture is not to be done willy nilly. But our attitude has been stable for some time. Last September 2nd (S&P 994) we were on *Squawk Box* with Mark Haines:

> **MH**:You are not buying into 'we've come too far, too fast,' the consumer is not spending, the private sector hasn't gotten traction, it's all stimulus money…you're not buying any of that gloom and doom stuff?
>
> **LB**:Birinyi's Law #2: Looking at stocks like Whirlpool says a lot about the housing recovery, some of the consumer stocks, tech stocks and stocks like steel doubled, that tells me a lot about the economy. I think we've underestimated things just like we overestimated them six months ago.
>
> **MH**: What about the huge federal debt we are piling on?
>
> **LB**:I've heard about debt all 30 years I've been on Wall Street. The consumer is tapped out or he's spent too much. It is a constant mantra year in, year out. Again my concern, my issue is look at the market.

Since then we are up 17% or an annualized equivalent of 33%.

S&P 500: 9/2/09 - Present

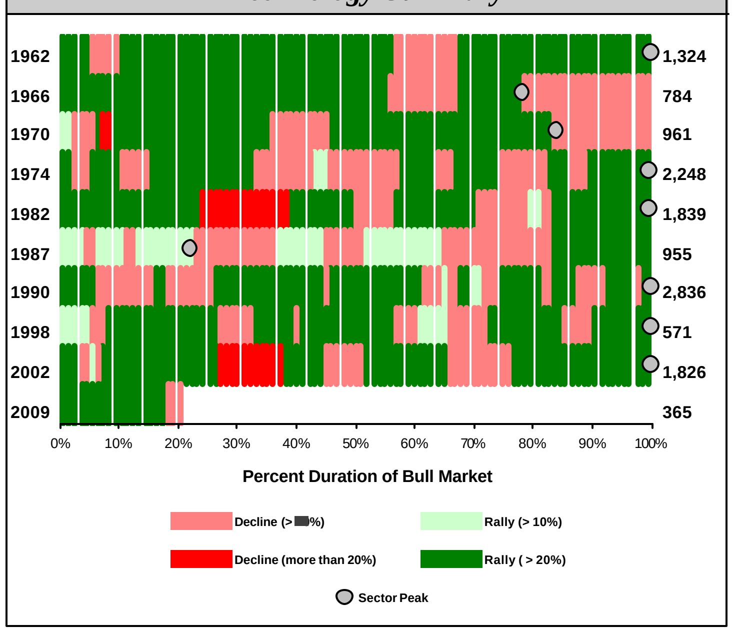


Okay, enough commercials and commentary. We are bullish and - as we showed - the last nine bull markets all continued into a second year with only 1998 ending after a further 200 days.

Interestingly, our best advice is what not to do. Specifically, *don't listen to most analysts and commentators* (many of whom told you a year ago that we were due for a correction or that this was the point in the market where you could expect a dip or worst). At the risk of sounding or seeming arrogant, we have found that 75% or more of market commentary is just plain wrong,

Below is a graphic of the technology sector. In the 1962 bull market it was rallying for most of the time but had two (pink shading) corrections of 10% to 20%. That market lasted 1,324 days. In both 1987 and in the 2002 markets a very sharp decline occurred about 20% into the rally.

Technology Summary

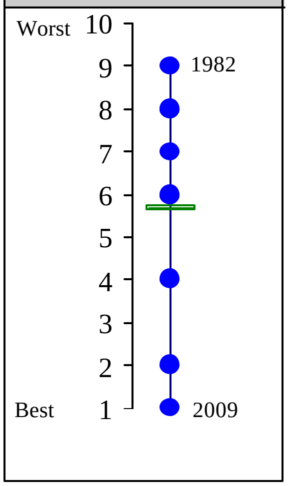


In most markets, technology peaks at the end of the market (grey circle) but in 1987, the sector hits its high about one-fifth of the way through.

The reality that technology acts differently in different periods is also evidenced in every sector so the commentary which says early on you do this and then do that is really not helpful. Wall Street has a cliché that the most expensive words are that "it is different this time." In fact it is different every time.

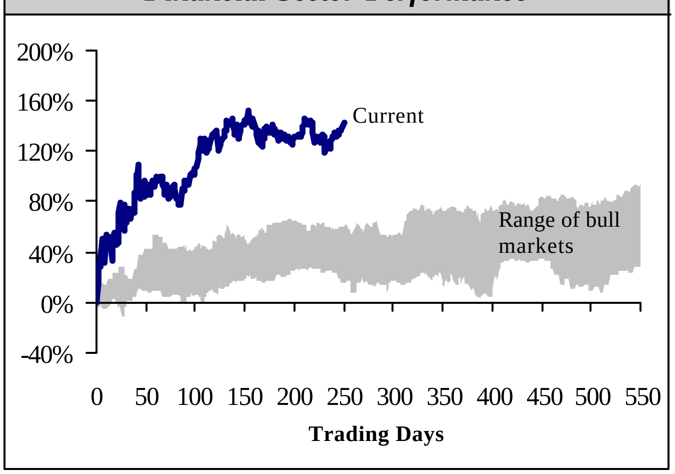
Or look at the financial stocks. In some rallies they are the best overall performer (1 = 2009) but in another (1982) the sector was only the ninth best. On average - a dangerous term - financials are the sixth best of the ten sectors.

Financial Sector Performance Rank



To further illustrate that it is different in the graph below we show financials in the first year of this rally. In the previous nine rallies their performance has ranged between up 16% (1974) and 60% (1990) but never this high after only twelve months.

Financial Sector Performance



Economists too are suspect in their work. They continue to worry about the level of unemployment - frankly they should worry more about their own employment - but in every recession except 1980, the peak in unemployment came *after* the recession ended.

Unemployment Peak vs Recession End

Recession Began	**Length**	**Peak**[3]	**Recover to**[3] **Start of Recession**	**Recover to**[3] **Previous Expansion**
Dec-69	11	+ 1	-	-
Nov-73	16	+ 2	+ 279	+ 279
Jan-80	6	+ 0	+ 86	+ 93
Jul-81	16	+ 1	+ 18	+ 18
Jul-90	8	+ 16	+ 67	+ 76
Mar-01	8	+ 19	-	-
Dec-07	20	+ 2	-	-
Average	11	+ 6	+ 112	+ 116

And once again, good news dominates:

Flat Jobless Rate A Sign the Worst Of Slump Is Past
US Manufactures Are Starting To Tool Up
...The Economy begins To Look Nice and Boring
Americans Pare Down Debt

But as we noted last month, economists seemingly can't or won't read.

[3] Months relative to the end of the recession.

Birinyi Sector Timing Model

Sector	Price	Bottom TE	Top TE	% From Bottom[1]	% From Top[1]	Absolute Buy Price[2]	Absolute Sell Price[2]	Avg ANR	Price Tgt	Sector Trend
S&P 500	1173	1084	1154	8.21	1.65	1065	1279	3.8	1,334	3
Dow 30	10907	10154	10706	7.42	1.88	9932	11626	4.1	11,964	3
Financials	214.39	190.01	209.62	12.83	2.28	187.12	277.01	3.6	228	3
Health Care	373.95	361.56	373.84	3.43	0.03	354.21	396.14	4.0	418	2
Industrials	274.84	242.93	265.67	13.13	3.45	233.51	309.91	3.9	304	3
Energy	428.63	415.88	433.60	3.07	-1.15	387.50	485.91	3.8	540	3
Technology	379.24	347.20	372.37	9.23	1.85	336.79	413.68	4.0	447	3
Cons Disc	260.72	230.56	253.41	13.08	2.89	228.02	290.50	3.9	289	4
Cons Stap	289.61	272.72	285.57	6.19	1.42	270.99	300.06	3.8	319	3
Materials	205.62	187.50	202.49	9.66	1.55	177.96	238.61	3.8	247	3
Utilities	151.17	147.63	153.16	2.40	-1.30	140.27	163.04	3.6	169	2
Telecom	108.66	102.97	107.44	5.53	1.13	97.05	116.25	3.8	124	3

Using the Birinyi Sector Timing Model

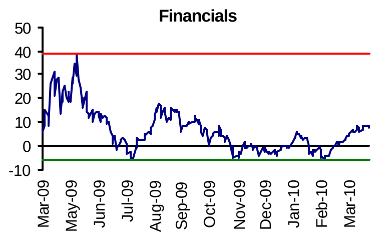
Over the course of several years Birinyi Associates developed a toolset of overbought and oversold parameters that can be applied to both index prices and stock prices. In our Sector Timing Model we highlight these parameters for the ten S&P 500 economic sectors, the S&P 500 and the DJIA.

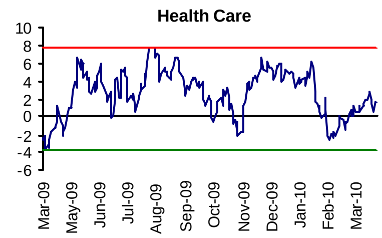
The "Bottom TE" and "Top TE" are determined by subtracting and adding one standard deviation from or to the current fifty-day price average. For example, the fifty-day average of the S&P 500 is 1119, and one standard deviation over the last fifty days is 35, the "Bottom TE" is 1085 (1085 = 1119 - 35), and the "Top TE" is 1154 (1154 = 1119 + 35).

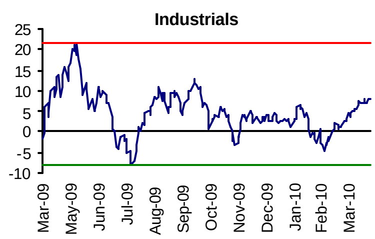
When the current price is below the Bottom TE the security is oversold, when the current price is above the Top TE the security is overbought. Overbought or oversold conditions are indicated by red shading in the "% From Top" column or green shading in the "% From Bottom" column. Currently (3/30/10) the DJIA is overbought because it is 1.88% above the Top TE, the S&P 500 is also overbought because it is 1.65% above the Top TE.

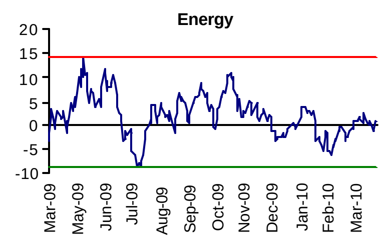
Absolute Buy Price and Absolute Sell Price are calculated by finding the most oversold and overbought a security has been in the last twelve months. For example, on 7/10/09 the S&P 500 closed 6.35% below its fifty-day average. If the S&P 500 was to close 6.35% below its current fifty day average of 1,119 that price would be 1,065, thus giving us the current theoretical low or Absolute Buy Price.

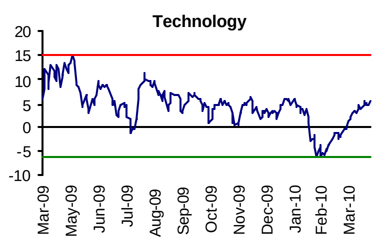
Strategy:
Long candidates are in uptrends and oversold, while short candidates are in downtrends and are overbought. Trend is identified by the "Trend Score" on a scale of 1 - 5 where 5 is a strong uptrend.

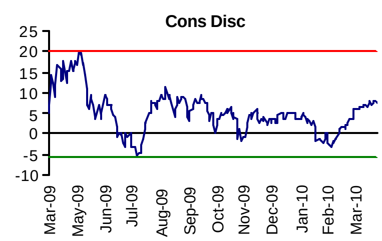


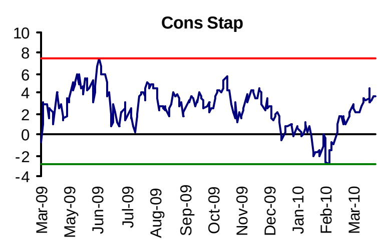


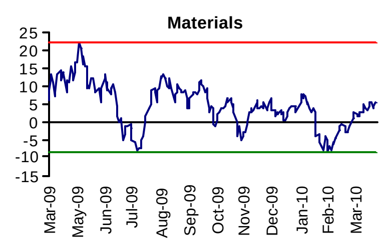


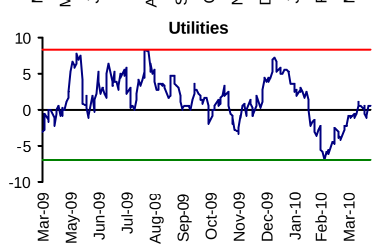


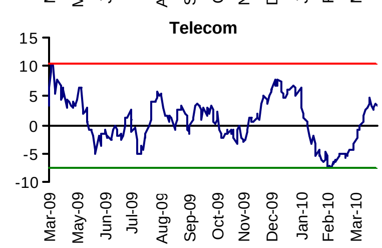












Birinyi Flow of Funds Data ($, Bil)

Liquidity and Borrowings	Current Level ($, Bil)	Current Flows ($, Bil)	% Change - Prior Month	Mo/Mo % Change - Prior 6 Months: Feb	Jan	Dec	Nov	Oct	Sep	Y/Y
Total Consumer Loans	849.9	20.4	2.5	2.5	-0.1	-0.1	0.3	-0.6	-1.5	-5.7
ETF's	769.7	3.5	2.4	2.4	-3.9	2.8	7.3	-0.7	5.4	65.0
Margin Debt	235.5	1.8	0.8	0.8	1.2	4.5	-4.7	5.0	6.8	35.9
Savings and Small Time Deposits	6,028.9	43.3	0.7	0.7	-0.2	0.2	2.9	0.7	0.5	6.8
Total Nonrevolving Credit	1,610.0	8.3	0.5	0.5	0.5	-0.1	-0.4	1.5	0.6	0.4
M2	8,492.5	40.5	0.5	0.5	-0.9	0.4	2.1	0.2	0.0	2.3
US Gov't Sec at All Commercial Banks	1,431.1	4.1	0.3	0.3	0.2	3.0	0.2	-0.3	1.3	12.1
Checking Accounts	804.6	2.0	0.2	0.2	-5.4	4.3	2.1	2.1	-1.3	16.1
IRA & Keogh Accounts	600.4	1.2	0.2	0.2	0.2	0.3	0.2	-0.3	-0.8	0.1
Commercial Paper Outstanding	1,109.4	-2.5	-0.2	-0.2	-5.0	-2.2	-0.1	-6.5	10.4	-27.2
Total Consumer Credit	2,472.0	-5.6	-0.2	-0.2	-0.4	0.4	-0.4	0.9	-0.1	-3.6
Bank Credit of All Commercial Banks	8,899.1	-82.4	-0.9	-0.9	-1.0	0.0	0.9	-0.2	-0.1	-4.2
Commercial and Industrial Loans	1,303.6	-14.9	-1.1	-1.1	-1.8	-1.7	-0.8	-2.6	-2.5	-16.5
Total Loans and Leases	6,586.9	-76.9	-1.2	-1.2	-1.1	-0.8	1.1	-0.9	-1.6	-7.6
Total Real Estate Loans	3,726.6	-50.4	-1.3	-1.3	-0.8	-0.3	1.9	-0.5	-1.4	-2.6
Equity Mutual Funds (Liquid Assets)	169.6	-2.9	-1.7	-1.7	-2.4	-4.4	4.4	-0.4	-2.5	-7.3
Retail Money Market Funds	784.7	-14.0	-1.8	-1.8	-1.8	-1.8	-1.3	-4.2	-1.9	-26.7
Total Revolving Credit	851.1	-24.8	-2.8	-2.8	-2.0	1.2	-0.3	-0.1	-1.2	-11.5
Institutional Money Market Funds	2,151.0	-70.8	-3.2	-3.2	-0.6	-1.2	-2.0	-2.9	-2.1	-13.8

	Jan-09	Feb-09	Jan-10	Feb-10	2010 YTD	2009 YTD	Y/Y Change (%)
IPOs	0.01	0.95	1.54	1.50	3.04	0.96	217
Secondaries	3.12	3.60	6.20	7.15	13.35	6.72	99
Announced Buybacks	3.62	3.01	10.67	58.60	69.26	6.62	946
Completed Buybacks	10.01	11.08	0.35	0.66	1.01	21.09	-95
Total M&A	71.98	4.06	16.00	41.08	57.07	76.04	-25
M&A Cash	5.31	0.39	2.99	18.99	21.98	5.69	286
Private Equity Deals (Cash to Investors)	0.33	0.22	0.00	2.60	2.60	0.55	373
Average Private Equity Deal Premiums (%)	29.83	134.57	0.00	16.88			
S&P Dividends	11.58	27.22	10.44	23.04	33.48	38.80	-14
Net Purchases of Mutual Funds	11.28	-16.71	17.36	2.52	19.88	-5.43	466
International	3.30	-7.99	9.22	5.49	14.70	-4.69	413
Aggressive Growth	0.43	-2.33	1.73	-1.07	0.66	-1.90	134
Growth	4.01	-5.19	4.15	-0.14	4.01	-1.18	440
Net Purchases by Mutual Funds	6.76	-3.55	22.81	7.38	30.19	3.22	838
International	1.75	-3.83	9.57	7.54	17.12	-2.08	921
Aggressive Growth	0.15	-2.15	-0.47	-0.81	-1.28	-2.00	36
Growth	2.18	-1.80	8.58	-0.86	7.71	0.37	1,973
Private Equity Raised	37.00	13.52	12.32	2.60	14.92	37.00	-60
Hedge Fund Assets Raised	-75.00	25.00	7.10	4.33	11.43	-75.00	-115
Foreign Purchases of US Stocks	1.41	-5.14	4.30		4.30	1.41	206

Next month's issue will be released on April 28th after the close of the market.

Changes to the Portfolios

To the Growth portfolio we have made the following changes:

Removed	Added

PORTFOLIOS

Data Available to Subscribers Only

Conservative

Price 3/31	Change Since Last Publication	Trading Range Bottom	Trading Range Top
25	7.4%	$37.91	$40.85
.66	7.6	21.79	23.65
.20	12.9	15.74	17.60
.79	-1.6	70.26	72.78
.43	2.0	52.34	54.22
.72	2.2	63.33	66.12
.98	1.1	52.34	54.00
.52	8.8	41.42	46.64
.02	7.1	28.93	30.38
.03	6.3	83.64	90.26

Growth

Price 3/31	Change Since Last Publication	Trading Range Bottom	Trading Range Top
.54	4.3%	$79.71	$82.49
.24	9.0	13.15	14.16
.57	2.0	27.76	29.91
.15		**32.99**	**38.59**
.54	18.3	71.90	80.91
.25	0.5	124.56	128.60
.50	13.2	62.98	71.33
.60	3.2	50.06	53.28
.94	2.2	50.29	53.81
.15		**29.11**	**36.49**

Trading

Price 3/31	Objective	Downside Limit
.88	$36.45	$33.66
.61	31.50	28.03
.54	88.77	81.27
.15	38.32	34.29

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PORTFOLIO PERFORMANCE*

	Month[1]	YTD[2]
Conservative	X.XX%	X.XX%
Growth	X.XX	X.XX
Trading	X.XX	X.XX
S&P 500	X.XX	X.XX

1 Return is from last publication.

2 Return is from 12/30/09 - 3/31/10

*The performance figures shown in the table reflect the percentage change in the aggregate market value of all securities recommended by Birinyi Associates, Inc. from time to time for inclusion in the applicable portfolio during the period indicated. It is assumed that 100 shares were bought on the recommended date without regard to the price of such security. A list of all such securities will be provided by Birinyi Associates, Inc. upon request. Thus, some distortion in reported performance may result from the addition or removal of relatively high priced or low priced securities, but it is not believed that such distortions are material. It should not be assumed that recommendations made in the future will be profitable or equal to the performance of the securities in this list.