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Rising oil prices, record corn prices, major turmoil across the Middle East, and one of the largest recorded earthquakes and its subsequent tsunami in Japan, were all signature events for the first quarter of 2011. In an amazing twist of the markets, and in spite of the turmoil, all of the equity markets ended in the green. For the quarter the Dow was up +6.4%, the S&P 500 was up +5.4%, and the NASDAQ was up +4.8%. On the fixed income side of the ledger, the 10 year Treasury hovered around the 3.4% mark, the 30 year Treasury yielded approximately 4.5%, and money market rates remained at 0%.

The impact of the aforementioned events, and the rise in many commodities prices, will continue to effect market activity for the foreseeable future. On the economic front, with the per barrel price of oil trading above \$100, there is legitimate concern that there will be negative pressure on the domestic and global consumer, as well as the industries that use oil to power their manufacturing operations. This in turn could pressure the still fragile global recovery. So, we will be closely monitoring the uprising across the Middle East for its impact on the price of oil.

Commodities prices, including the price of corn, cotton, and soy are affecting less developed countries by creating food inflation and food shortages. To some extent these shortages may be part of what has contributed to the growing unrest across the globe. With a large emerging middle class in many developing countries, these food issues will remain of critical interest for the global investment picture. As a result we expect agriculture related equities will remain a productive area in which to be invested.

While there is nothing positive to say about the enormous loss of life and property due to the 9.0 earthquake in Japan, the need to rebuild infrastructure in parts of the country may in fact help to stimulate the long flagging Japanese economy. It may also be beneficial to our own manufacturing industries, particularly in high tech, as many companies decide to move their production capabilities closer to home to avoid delays and shortages due to natural or manmade disasters.

During the second quarter we will be looking for further signals from the Federal Reserve on how and when they will end their Quantitative Easing policy, in addition to any changes to their outlook on inflation, domestic employment, and GDP growth domestically and abroad. We remain on the lookout for new and promising investment opportunities, as well as for events and policy decisions that may affect our portfolios.

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