Weekly Capital Markets

May 3, 2010

AVIVA INVESTORS

Market Review

The Week in Review

Economic Releases for the Week Ending 4/30/10	**Consensus	Actual	Prior Period
Feb. Case-Schiller	1.3%	0.6%	-0.7%
FOMC Decision	0.25%	0.25%	0.3%
Q1 GDP	3.3%	3.2%	5.6%

Concerns over Greece's and Portugal's debt problems continued to weigh on financial markets last week as investors left the risk of equities in favor of safer investments. Standard & Poor's cut its credit ratings for Greece and Portugal early in the week, leading to a drop-off in stock prices and increasing concerns that the countries could default. Then, later in the week, news broke that Goldman Sachs is under a criminal investigation, driving their stock price down 10%. By week's end, the U.S. S&P 500 was down 2.51% and the yield on the U.S. 10-year Treasury was down 16 basis points.

Economic news was mixed. The initial estimate of first quarter gross domestic product (GDP) was slightly below expectations, indicating growth of 3.2% versus expectations for growth of 3.3%. Year-on-year, real GDP rose to 2.5% from 0.1% in the fourth quarter. The Federal Open Market Committee (FOMC) met last week and voted 9 to 1 to keep the Fed funds rate at a range between 0.0% and 0.25%. The Fed noted that the economy has "continued to strengthen" and that economic growth is likely to be "moderate for a time" but that inflation has remained tame and rates are likely to remain low for an "extended period" of time. On the housing front, the Case-Schiller home price index indicated that prices in the 20-city composite were up 0.64% year-over-year. Friday also marked the end of the second round of housing stimulus which included homebuyer tax credits.

The Week Ahead

Economic Releases for the Week Ending 5/07/10	**Consensus	Prior Period
April Non-Mfg. ISM Index	56.0	55.4
April Non-Farm Payrolls	188k	162k
April Unemployment Rate	9.7%	9.7%

The week ahead is packed with top-tier economic releases including the April employment report, the ISM indices, and personal income and spending. Friday's employment report will be the highlight and is expected to show that the economy added close to 200,000 jobs during the month. That increase would follow March's gain of 162,000, which was the largest boost in jobs since March 2007. A portion of the gain will likely be related to an increase in temporary hiring for the census, but even outside of census hiring, job additions are expected to be positive. The unemployment rate is expected to remain at 9.7% The April ISM indices are also expected to continue to show growth. Expectations for the manufacturing index are for an increase from 59.6 to 61.0, while expectations for the non-manufacturing index are for an increase from 55.4 to 56.0. The manufacturing index is approaching its highest level in six years while the non-manufacturing index is at its highest point since February 2005. Finally, personal income and spending for March will also be released. Expectations are for personal incomes to have risen 0.4% (3.0% year-over-year) and for personal spending to have risen 0.6% (2.9% year-over-year). Both numbers would indicate that the consumer is doing their part to help the economic recovery proceed.

World Bond Rates	4/30/10	1-Wk Chg	4-Wk Chg	YTD
US 10y	3.66%	-0.16%	-0.29%	-0.18%
GBR 10y	3.85%	-0.19%	-0.07%	-0.16%
GER 10y	3.02%	-0.04%	-0.07%	-0.37%
CAN 10y	3.65%	-0.05%	0.09%	0.04%
JAP 10y	1.29%	-0.03%	-0.07%	0.00%

Central Bank Rates	4/30/10	12/31/09	9/30/09	6/30/09
US Fed Funds	0.25	0.25	0.25	0.25
UK Bank Rate	0.50	0.50	0.50	0.50
GER Base Rate	1.00	1.00	1.00	1.00
CAN Bank Rate	0.25	0.25	0.25	0.25
JAP Disc Rate	0.10	0.10	0.10	0.10
3 Mo-LIBOR	0.35	0.29	0.25	0.28

Risk Premiums	4/30/10	1-Wk Chg	4-Wk Chg	YTD
*CDX (bps)	92	6	4	7
*30 Day T-Yld Vol.	83.3	-1.9	-6.8	-24.2
VIX	22.05%	5.43%	4.58%	0.37%

Currencies	4/30/10	1-Wk Chg	4-Wk Chg	YTD
USD/EUR	1.33	-0.01	-0.02	-0.10
USD/CAN	0.98	-0.02	-0.01	0.03
JPY/USD	93.85	-0.12	-0.76	0.83

Commodities	4/30/10	1-Wk Chg	4-Wk Chg	YTD
Gold (oz.)	$1,179.50	$26.40	$54.40	$83.30
Oil (barrel)	$86.20	$1.08	$1.33	$6.84
Wholesale Gasoline (gal)	$2.40	$0.04	$0.07	$0.34
Natural Gas (mcf)	$3.94	-$0.32	-$0.15	-$1.64

Equity Markets	4/30/10	1-Wk Chg	4-Wk Chg	YTD
S&P 500	1,186.69	-2.51%	0.73%	6.42%
FTSE 100	5,553.29	-2.98%	-3.34%	2.59%
DAX	6,135.70	-1.98%	-1.60%	2.99%
S&P/TSX Comp	12,210.70	-0.24%	0.49%	3.96%
NIKKEI	11,057.40	1.31%	-2.03%	4.84%

* DJ CDX.NA.IG.10 5Yr; 30 Day Avg. 1-month TSY Yield Volatility
** www.bloomberg.com