

### Weekly Market Update

For the week ended October 27, 2006

US Stocks	
Weekly Index Performance	
DJIA:	12090.26 (+87.89, +0.7%)
S&P 500:	1377.34 (+8.74, +0.6%)
S&P MidCap:	787.24 (+6.92, +0.9%)
S&P SmallCap:	390.56 (+2.96, +0.8%)
Nasdaq Comp:	2350.62 (+8.32, +0.4%)
Russell 2000:	765.84 (+3.71, +0.5%)
Market Indicators	
Strong Sectors:	Energy, Metals & Mining, Consumer Goods, Internet
Weak Sectors:	Technology, Health Care, Industrials
NYSE Advance/Decline:	2,407 / 1,141
NYSE New Highs/New Lows:	733 / 29
AAll Bulls/Bears:	52.2% / 30.4%

US stocks rose for a fifth straight week as investors looked past some weak economic data in extending a rally that dates to July. Stocks did end the week on a down note Friday following a weaker than expected third-quarter GDP report and a sell-side bulletin reporting possible weak demand for computer motherboards. Aside from GDP, "core" durable goods orders rose only slightly and median home prices fell for the first time since 1970. Crude oil prices bounced higher to end the week at \$60.75/bbl, boosting energy shares. **ExxonMobil's** quarterly results helped too, profits coming in just short of an all-time record. **Altria** shares paced the DJIA, the company announcing a plan to spin off shares of **Kraft** to MO shareholders. **Amazon.com's** results exceeded expectations and guidance was lifted, sending the stock 17% higher. **General Motors** reported a wide beat on earnings but investors worried about cash flow. **Ford** reported a huge quarterly loss that was viewed as housecleaning for the new CEO. **Wal-Mart's** plan to slow the growth in its capital expenditures was well-received. **Comcast** reported a strong quarter on its "triple play" promotion. **Texas Instruments'** top line miss weighed on its shares. Among Industrials, **Boeing** and **Ingersoll-Rand** each disappointed investors with results. In Health Care, the drug stocks were weak due to election worries. Looking ahead, investors will prepare for a final heavy dose of corporate earnings reports this week in addition to the monthly employment report for October due out Friday. Despite recent gains, in the competition for capital between stocks, bonds and cash, stocks appear to represent the best value for investors going forward.

<b>US Economy and Credit Markets</b>	
<b>Yields and Weekly Changes:</b>	
<b>3 Mo. T-Bill:</b>	5.09% (+01 bps)
<b>6 Mo. T-Bill:</b>	5.13% (unch.)
<b>2 Yr. T-Note:</b>	4.74% (-12 bps)
<b>3 Yr. T-Note:</b>	4.67% (-13 bps)
<b>5 Yr. T-Note:</b>	4.63% (-12 bps)
<b>10 Yr. T-Note:</b>	4.67% (-11 bps)
<b>30 Yr. T-Bond:</b>	4.79% (-11 bps)
<b>GNMA (30 Yr) 8% Coupon:</b>	105-12/32 (6.33%)
<b>Duration:</b>	3.26 years
<b>30 Year Insured Revs:</b>	89.8% of 30 Yr. T-Bond
<b>Bond Buyer 40 Yield:</b>	4.69% (-05 bps)
<b>Goldman Sachs Commodity Index:</b>	5907.16 (+93.69)
<b>Merrill Lynch High Yield Indices:</b>	
<b>BB, 7-10 Yr.</b>	7.28% (-04 bps)
<b>B, 7-10 Yr.</b>	8.21% (-02 bps)

The benchmark 10-Year Treasury Note rose in price each of the final four days of the week to close out a second straight week of gains. Large portion of the price increase for the week came on Friday, when the GDP rose at an annualized rate of 1.6% in the third quarter, below both the 2.6% increase in the second quarter and the forecasted increase of 2.0%. The slowing rate of growth continued speculation that the next move in interest rates by the Fed will be to ease. At the most recent Fed meeting on Wednesday, the FOMC held rates steady for the third straight time, following a stretch of 17 consecutive meetings at which rates were increased by 25 bps. Economic reports (and related consensus forecasts) for the coming week include: Monday: September Personal Income (0.3%) and Personal Spending (0.2%); Tuesday: October Chicago Purchasing Manager Index (58.0); Wednesday: October ISM Manufacturing (53.0, Prices Paid 58.0) and October Total Vehicle Sales (16.2 million); Thursday: 3Q Preliminary Nonfarm Productivity (1.2%) and Unit Labor Costs (3.5%), Initial Jobless Claims (310,000), and September Factory Orders (4.0%); and Friday: October Employment Report, including Change in Nonfarm Payrolls (125,000), Unemployment Rate (4.6%), Average Hourly Earnings (0.3%), and Average Weekly Hours (33.8), and October ISM Non-Manufacturing (54.7).

**Source: Bloomberg and Barron's**