

### Weekly Market Update

For the week ended  
November 17, 2006

US Stocks	
Weekly Index Performance	
DJIA:	12108.43 (+122.39,+1.0%)
S&P 500:	1401.20 (+20.30, +1.5%)
S&P MidCap:	805.73 (+13.46, +1.7%)
S&P SmallCap:	399.86 (+8.17, +2.1%)
Nasdaq Comp:	2445.86 (+56.14, +2.4%)
Russell 2000:	788.47 (+19.32, +2.5%)
Market Indicators	
Strong Sectors:	Tech, Aerosp/Defense, Pharma, Airlines, Invest. Brokers
Weak Sectors:	Energy, Mining/Metals, Utilities, Telecom Svcs.
NYSE Advance/Decline:	2,446 / 1,086
NYSE New Highs/New Lows:	676 / 40
AAII Bulls/Bears:	46.6% / 30.5%

US stocks advanced, helped by softer-than-expected inflation data, a drop in energy prices and corporate deal-making. Successive new closing highs for the DJIA reflected an optimistic mood. The S&P 500 closed above 1400 for the first time since November 2000 and the Nasdaq Composite joined the other averages in double-digit positive percentage territory for the year. Crude oil's 6.3% weekly drop took it to a 17-month low. The core PPI and core CPI data helped investors look past evidence in the form of minutes from the October FOMC meeting that the Fed remains concerned about inflation. The week's significant earnings news included a report that was not made. **Dell** delayed the release of its quarterly results due to the complexity of a SEC investigation of its accounting. **Hewlett-Packard's** results bested expectations as the company's cost-cutting initiatives continued to bear fruit. **Wal-Mart** and **Target** each reported earnings ahead of expectations. Disappointing news on earnings came from **Abercrombie & Fitch** and **Gap**. **Starbucks** merely matched expectations. Airline shares were big winners, helped by **US Airways'** \$8 billion bid for bankrupt **Delta Air Lines**. **Clear Channel Communications** agreed to be acquired by a private equity consortium for \$18.7 billion. **Nymex Holdings** debuted in trading, surging 125% from the offering price. Looking ahead, the coming holiday-shortened week will likely feature an intense focus on the retail sector ahead of the year-end shopping blitz. With a jump in bullish sentiment last week, the smart money may soon look to lock in some profits from the second-half's strong equity market rally. But a wave of weekend corporate deal-making may boost prices in the early going this week.

<b>US Economy and Credit Markets</b>	
<b>Yields and Weekly Changes:</b>	
<b>3 Mo. T-Bill:</b>	5.06% (-02 bps)
<b>6 Mo. T-Bill:</b>	5.13% (-01 bps)
<b>2 Yr. T-Note:</b>	4.76% (+03 bps)
<b>3 Yr. T-Note:</b>	4.65% (+04 bps)
<b>5 Yr. T-Note:</b>	4.59% (+03 bps)
<b>10 Yr. T-Note:</b>	4.60% (+02 bps)
<b>30 Yr. T-Bond:</b>	4.68% (-01 bps)
<b>GNMA (30 Yr) 8% Coupon:</b>	104-16/32 (6.60%)
<b>Duration:</b>	3.25 years
<b>30 Year Insured Revs:</b>	90.8% of 30 Yr. T-Bond
<b>Bond Buyer 40 Yield:</b>	4.62% (unch.)
<b>Goldman Sachs Commodity Index:</b>	5707.69 (-110.97)
<b>Merrill Lynch High Yield Indices:</b>	
<b>BB, 7-10 Yr.</b>	7.13% (-03 bps)
<b>B, 7-10 Yr.</b>	8.07% (-05 bps)

Treasury prices showed some sharp movement over the course of the week but closed not sharply changed from their levels to open the week. The yield on the benchmark 10-year note was up two basis points over its week-opening level, with slightly higher yield increases for shorter maturity debt and a small decline in yield for the Treasury bond. A speech by the Dallas Fed President describing the economy as “growing forcefully” contributed to a decline in prices Monday, before sharp gains on Tuesday sparked by a sharper-than-expected decline in PPI. A decline in retail sales in excess of forecasts were also a factor in Tuesday’s rally. Prices fell Wednesday when the notes of the most recent meeting showed ongoing inflation concerns weighing on FOMC members. A decline in foreign inflows pushed prices lower Thursday, as the market feared that foreign investors are moving away from U.S. government debt. Prices rebounded strongly Friday as new housing starts fell sharply to their lowest level in six years. Economic reports (and related consensus forecasts) for the coming week include: Monday: October Leading Indicators (0.2%); Wednesday: Initial Jobless Claims (310,000) and November Final University of Michigan Consumer Confidence (93.1).

**Source: Bloomberg and Barron's**