

Weekly Market Update

For the week ended
November 24, 2006

US Stocks	
Weekly Index Performance	
DJIA:	12280.17 (-62.39,-0.5%)
S&P 500:	1400.95 (-0.25,-0.0%)
S&P MidCap:	811.63 (+5.90,+0.7%)
S&P SmallCap:	402.51 (+2.65,+0.7%)
Nasdaq Comp:	2460.26 (+14.40,+0.6%)
Russell 2000:	792.28 (+3.81,+0.5%)
Market Indicators	
Strong Sectors:	Materials, Technology, Energy
Weak Sectors:	Telecom, Health Care, Consumer Staples
NYSE Advance/Decline:	2,325 / 1,174
NYSE New Highs/New Lows:	663 / 28
AAll Bulls/Bears:	41.9% / 41.9%

U.S. stocks posted mixed results for the holiday shortened week that was light on news flow and trading volume. Small cap and technology related stocks fared best while large caps and health care lagged the broader market. The NASDAQ Composite continued its strong run hitting a six year high intraweek. REIT shares jumped 6% for the week following a \$20 billion deal to take **Equity Office** private and expectations of more consolidation to come. A week after delaying its earnings report, **Dell** reported strong quarterly earnings boosting the stock 9%. **Medtronic** reported better than expected EPS helped by a rebound in defibrillator sales. **J. Crew** shares surged 30% on earnings well ahead of expectations and increased guidance for the current year. **Nordstrom** also reported solid earnings gains. **Google** shares surged above \$500. **Lowe's** shares fell modestly despite inline earnings after lowering full year forecasts for the fourth time this year. **General Motors** shares fell almost 12% after Kirk Kerkorian disclosed he sold 25% of his position. Monday was once again a busy day for M&A. **Freeport McMoRan** announced a \$26 billion deal for **Phelps Dodge** though many are looking for other offers to come in. **Banc of America** will acquire **Schwab's** U.S. Trust unit for \$3.3 billion. Looking ahead, reports on 3Q GDP and consumer confidence will be closely watched in the coming week. Retailers will also be given extra scrutiny as the weekend's holiday sales are tallied up. The outlook for economic growth and current stock valuations continue to point to more equity gains ahead, although short term volatility is possible should holiday spending disappoint and/or inflation fears creep back into the market.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	5.02% (-04 bps)
6 Mo. T-Bill:	5.12% (-01 bps)
2 Yr. T-Note:	4.72% (-04 bps)
3 Yr. T-Note:	4.64% (-04 bps)
5 Yr. T-Note:	4.54% (-05 bps)
10 Yr. T-Note:	4.54% (-06 bps)
30 Yr. T-Bond:	4.63% (-05 bps)
GNMA (30 Yr) 8% Coupon:	104-16/32 (6.59%)
Duration:	3.22 years
30 Year Insured Revs:	91.8% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.61% (-01 bps)
Goldman Sachs Commodity Index:	5760.89 (+53.20)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.15% (+02 bps)
B, 7-10 Yr.	8.13% (+06 bps)

Treasury prices rose for the holiday-shortened week, sending the yield on the benchmark ten-year note to its lowest level in nine months. Speculation that growth in the economy has slowed and that the Fed will cut interest rates spurred the increase in prices. After hitting a low-water mark of 11%, interest rate futures now show that traders believe there is a 51% chance that the FOMC will lower rates at its March 21 meeting. There was little economic data for the week, with the Conference Board's leading indicators coming in slightly below expectations. In addition, the University of Michigan Consumer Sentiment Index was revised downward, though economists had been expecting a small increase. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: October Durable Goods Orders (-5.0%, less Transportation 0.2%) and October Existing Home Sales (6.15 million); Wednesday: 3Q Preliminary GDP (1.8%, Price Index 1.8%), October New Home Sales (1,050,000), and Fed's Beige Book released; Thursday: October Personal Income (0.5%) and Personal Spending (0.1%), Initial Jobless Claims (317,000), and November Chicago Purchasing Manager Index (54.4); and Friday: November ISM Manufacturing (51.8, ISM Prices Paid 50.0) and November Total Vehicle Sales (16.4 million).

Source: Bloomberg and Barron's