

### Weekly Market Update

For the week ended  
April 13, 2007

US Stocks	
Weekly Index Performance	
DJIA:	12612.13 (+51.93, +0.4%)
S&P 500:	1452.85 (+9.09, +0.6%)
S&P MidCap:	868.11 (+6.32, +0.7%)
S&P SmallCap:	420.93 (+2.76, +0.7%)
Nasdaq Comp:	2491.94 (+20.60, +0.8%)
Russell 2000:	819.38 (+6.03, +0.7%)
Market Indicators	
Strong Sectors:	Energy, Mining & Metals, Drug, Biotech, Transports
Weak Sectors:	Retail, Financials, REIT's, Technology, Telecom
NYSE Advance/Decline:	2,097 / 1,408
NYSE New Highs/New Lows:	584 / 51
AAll Bulls/Bears:	40.9% / 38.0%

US stocks advanced despite renewed worries over the direction of interest rates and the course of the economy. A string of eight consecutive days of gains in the DJIA ended Wednesday, coinciding with the release of the minutes from the March FOMC meeting. Investors at least briefly pondered the possibility of "stagflation", with weakness in housing and business capital spending weighing on growth yet stubborn inflation preventing the Fed from cutting rates. But solid quarterly results from **Alcoa** and **General Electric** lifted hopes for a better than expected earnings reporting season. Also, core producer prices for March were benign. Retail same-store sales results from March were upbeat, though comparisons benefited from an early Easter. Railroad shares traded higher on news **Berkshire Hathaway** purchased a stake in **Burlington Northern Santa Fe**. Shares of **Merck** rose 10% to a 3 ½ year high as the company boosted earnings guidance for 2007. **McDonald's** also boosted guidance. **Citigroup's** move to eliminate 17,000 jobs met with lukewarm response. **Apple** shares fell on news the company would delay the release of an operating system. **Research In Motion's** results failed to match lofty expectations. In merger news, **Google** announced it would buy **DoubleClick** for \$3.1 billion. Shares of **MedImmune** surged 21% on news the company is considering a possible sale. Looking ahead, a heavy dose of corporate earnings are due out in the days and weeks ahead. With expectations for corporate profit growth in the quarter somewhat modest, any signs of optimism from the corporate sector could send stocks on their way to new highs for the year.

<b>US Economy and Credit Markets</b>	
<b>Yields and Weekly Changes:</b>	
<b>3 Mo. T-Bill:</b>	4.99 (-02 bps)
<b>6 Mo. T-Bill:</b>	5.07 (-02 bps)
<b>2 Yr. T-Note:</b>	4.76 (+04 bps)
<b>3 Yr. T-Note:</b>	4.69 (+03 bps )
<b>5 Yr. T-Note:</b>	4.68 (+03 bps)
<b>10 Yr. T-Note:</b>	4.76 (+03 bps)
<b>30 Yr. T-Bond:</b>	4.93 (+03 bps)
<b>GNMA (30 Yr) 8% Coupon:</b>	103-23/32 (6.84%)
<b>Duration:</b>	3.23 years
<b>30 Year Insured Revs:</b>	90.5% of 30 Yr. T-Bond
<b>Bond Buyer 40 Yield:</b>	4.62% (+02 bps)
<b>Goldman Sachs Commodity Index:</b>	5931.65 (+23.02)
<b>Merrill Lynch High Yield Indices:</b>	
<b>BB, 7-10 Yr.</b>	7.09% (unch.)
<b>B, 7-10 Yr.</b>	7.98% (-03 bps)

Treasury prices declined for the week, sending the yield on the benchmark 10-year note to its highest level in two months. Speculation continues that the Fed will continue to leave its target rate unchanged for the near future as it focuses on controlling inflation. The week opened with a sell-off of Treasuries after Friday's strong employment report, which was released on the Good Friday holiday. Prices bounced back slightly on Tuesday before declining each day to close the week. There was limited economic data for the week, so much of the market focus was on Wednesday's release of the minutes of last month's Fed meeting, where uncertainty as to the direction of the economy caused the central bank to seek flexibility to respond to new data. That flexibility will allow them to raise rates to curb inflation or lower rates to spur growth, whatever the situation dictates. Economic reports (and related consensus forecasts) for the coming week include: Monday: March Advance Retail Sales (0.5%, less Autos 0.8%) and March Business Inventories (0.2%); Tuesday: March Consumer Price Index (0.6%, less Food & Energy 0.2%), March Housing Starts (1,500,000), and March Industrial Production (0.0%) Capacity Utilization (81.9%); and Thursday: Initial Jobless Claims (323,000), March Leading Indicators (0.1%), and April Philadelphia Fed. (2.0).

**Source: Bloomberg and Barron's**