

Weekly Market Update

For the week ended
April 20, 2007

US Stocks	
Weekly Index Performance	
DJIA:	12961.98 (+349.85,+2.8%)
S&P 500:	1484.35 (+31.50,+2.2%)
S&P MidCap:	880.20 (+12.09,+1.4%)
S&P SmallCap:	426.43 (+5.50,+1.3%)
Nasdaq Comp:	2526.39 (+34.45,+1.4%)
Russell 2000:	828.86 (+9.48,+1.2%)
Market Indicators	
Strong Sectors:	Financials, Health Care, Telecom
Weak Sectors:	Materials, Energy, Technology
NYSE Advance/Decline:	2,351 / 1,142
NYSE New Highs/New Lows:	756 / 27
AAll Bulls/Bears:	46.9% / 29.6%

US stocks extended their winning streak to three weeks as earnings were generally better than expected. The Dow Industrial Average continued its march to 13,000, gaining all five days to end the week at an all-time high. The week's gains were widespread as all ten major sectors finished in positive territory. Financials led the way with strong earnings reports from **JP Morgan**, **Citigroup**, **Merrill Lynch** and **American Express**. A \$10 billion buyback and healthy dividend increase pushed **JP Morgan** to a 52 week high. Online brokers **TD Ameritrade** and **e*Trade** disappointed however. Housing starts unexpectedly gained in March, though few were willing to call a bottom in housing stocks. **Johnson & Johnson** posted strong results helping boost health care related names. **Google** posted earnings that handily beat estimates, while **eBay** fell despite beating consensus and boosting its full year outlook. **Yahoo** shares were punished after the much hyped Project Panama failed to boost revenues and earnings in Q1. **IBM** received a lukewarm response despite in-line earnings. **Motorola** warned of weaker results in 2Q due to falling market share. Strong sales of Coke Zero boosted **Coke** earnings above estimates. **Caterpillar's** shares surged after the company posted strong results and boosted its full year outlook due to strong overseas sales. In merger news, **Sallie Mae** agreed to a \$25 billion private equity buyout. Looking ahead, earnings will continue to be the story this week as over 35% of the S&P 500 is due to report. First quarter GDP will also be closely watched. In recent weeks equities have benefited from the low expectations heading into earnings season as results thus far have been fairly strong. More of the same will be needed for stocks to add to recent gains as the bar has now been nudged higher.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	4.96 (-03 bps)
6 Mo. T-Bill:	5.03 (-04 bps)
2 Yr. T-Note:	4.64 (-12 bps)
3 Yr. T-Note:	4.57 (-12 bps)
5 Yr. T-Note:	4.56 (-12 bps)
10 Yr. T-Note:	4.67 (-09 bps)
30 Yr. T-Bond:	4.84 (-09 bps)
GNMA (30 Yr) 8% Coupon:	103-24/32 (6.84%)
Duration:	3.24 years
30 Year Insured Revs:	90.9% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.59% (-03 bps)
Goldman Sachs Commodity Index:	5805.56 (-126.09)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.02% (-07 bps)
B, 7-10 Yr.	7.89% (-09 bps)

Treasury prices rose for the week, after consumer prices rose less than expected in March. Tuesday's reported tame level of consumer prices -- excluding the more volatile food and energy prices, the increase was only 0.1% -- eased to a degree some of the inflation fears that had been negatively impacting fixed income securities in recent weeks. The optimism over Tuesday's CPI report carried over to Wednesday, with prices rising again. Prices fell slightly Thursday after rising in early trading after fears that China's growth rate would cause its central bank to raise interest rates to rein in the economy's growth. Prices declined slightly Friday as the stock market rallied to a record-high close. Other economic news showed that retail sales increased roughly in line with expectations, especially when February's upward revision was factored in, while the four-week average of jobless claims rose to their highest levels in five months. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: March Existing Home Sales 6.40M Wednesday: March Durable Goods Orders 2.5% less Transportation 1.1% March New Home Sales 890K Fed's Beige Book Thursday: Initial Jobless Claims 330K Friday: 1Q Actual GDP Annualized 1.8% GDP Price Index 3.1% APR F U. of Michigan Confidence 85.3.

Source: Bloomberg and Barron's