

Weekly Market Update

For the week ended
April 27, 2007

US Stocks	
Weekly Index Performance	
DJIA:	13120.94 (+158.96,+1.2%)
S&P 500:	1494.07 (+9.72,+0.7%)
S&P MidCap:	886.43 (+6.23,+0.7%)
S&P SmallCap:	428.25 (+1.82,+0.4%)
Nasdaq Comp:	2557.21 (+30.82,+1.2%)
Russell 2000:	829.70 (+0.84,+0.1%)
Market Indicators	
Strong Sectors:	Industrials, Technology, Energy
Weak Sectors:	Telecom, Consumer Staples, Consumer Discretionary
NYSE Advance/Decline:	1,909 / 1,596
NYSE New Highs/New Lows:	759 / 44
AAll Bulls/Bears:	39.2% / 38.0%

US stocks continued their recent run last week as the Dow Industrials broke through 13,000 for the first time ever. Weak reports on existing home sales and consumer confidence early in the week did little to deter the bulls as earnings continued to exceed expectations. Industrials were the week's best performing sector as strong overseas growth boosted earnings throughout the sector. **3M**, **Paccar** and **Cummins** were among the notables posting strong year over year earnings gains. **Amazon** shares surged 39% on the week after handily beating EPS estimates on strong revenue and margin gains. Technology shares benefited from strong earnings reports across the group. **Apple** shares topped \$100 briefly after reporting strong iPod and Mac sales. **Microsoft** shares gained Friday after Vista boosted results in Q1. **IBM** shares jumped despite inline earnings after announcing a 33% dividend boost and \$15 billion buyback. Semiconductor shares, led by strong results from **Texas Instruments**, also posted strong gains for the week. In a sign the consumer could be losing steam, **Target** reported April sales will be weaker than forecast. In merger news, **Harman** agreed to a \$7.8 billion LBO, while **AstraZeneca** will acquire **MedImmune** for \$15 billion. Looking ahead, earnings will be the story again this week. Thus far quarterly earnings have easily surpassed the modest expectations heading into earnings season as strength overseas has helped make up for a domestic consumer that is showing signs of slowing. Equities continue to be supported by reasonable valuations and ample liquidity but confidence in the strength of the US economy will be needed for stocks to make a lasting move higher from current levels.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	4.91 (-05 bps)
6 Mo. T-Bill:	5.02 (-01 bps)
2 Yr. T-Note:	4.64 (unch.)
3 Yr. T-Note:	4.59 (+02 bps)
5 Yr. T-Note:	4.58 (+02 bps)
10 Yr. T-Note:	4.68 (+01 bps)
30 Yr. T-Bond:	4.88 (+04 bps)
GNMA (30 Yr) 8% Coupon:	103-24/32 (6.84%)
Duration:	3.24 years
30 Year Insured Revs:	90.2% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.61% (+02 bps)
Goldman Sachs Commodity Index:	5941.95 (+136.39)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	6.97% (-05 bps)
B, 7-10 Yr.	7.83% (-06 bps)

Yields on Treasury debt closed Friday only slightly off of their marks to open the week, with small increases seen for most maturities. Looking at the week, prices were slightly higher Monday, with little new data to influence the market. Weak sales of existing homes pushed prices upward again on Tuesday. Yields climbed both Wednesday and Thursday on the strong performance of the stock market, limiting demand for bonds. There was little movement in prices Friday as data provided mixed signals as to the future actions of the Fed: slowing growth in the economy hinted at a cut in rates to spur growth while increasing inflation signaled against a cut. Economic reports (and related consensus forecasts) for the coming week include: Monday: March Personal Income (0.6%) and Personal Spending (0.5%) and April Chicago Purchasing Manager Index (54.0); Tuesday: April ISM Manufacturing (51.0, Prices Paid 67.0) and April Total Vehicle Sales (16.3 million); Wednesday: March Factory Orders (2.0%); Thursday: 1Q Preliminary Nonfarm Productivity (0.8%) and Unit Labor Costs (3.9%), Initial Jobless Claims (325,000), and April ISM Non-Manufacturing (53.2); and Friday: April Employment Report, including Change in Nonfarm Payrolls (100,000), Unemployment Rate (4.5%), Average Hourly Earnings (0.3%), and Average Weekly Hours (33.8).

Source: Bloomberg and Barron's