

Weekly Market Update

For the week ended
April 6, 2007

US Stocks	
Weekly Index Performance	
DJIA:	12560.20 (+205.85, +1.7%)
S&P 500:	1443.76 (+22.90, +1.6%)
S&P MidCap:	861.79 (+13.32, +1.6%)
S&P SmallCap:	418.17 (+6.25, +1.5%)
Nasdaq Comp:	2471.34 (+49.70, +2.1%)
Russell 2000:	813.35 (+12.64, +1.6%)
Market Indicators	
Strong Sectors:	Health Care, Energy, Technology, Metals & Mining
Weak Sectors:	Financials, Telecom, Industrials
NYSE Advance/Decline:	2,631 / 872
NYSE New Highs/New Lows:	510 / 41
AAll Bulls/Bears:	32.3% / 39.8%

US stocks advanced in four days of trading ahead of the holiday Friday. Corporate and private equity dealmaking provided the lift, though a 2.4% decline in crude oil prices coming as Iran released the captured British sailors helped. Economic data up until Friday's employment report were decidedly mixed. However, Tuesday's 128-point Dow advance coincided with a positive reading on pending home sales. Among the deals struck last week were KKR's \$29 billion buy of **First Data** and Chicago investor Sam Zell's \$8.2 billion purchase of **Tribune Co.** The interest in the Chrysler unit of **DaimlerChrysler** heated up, with Kirk Kerkorian offering \$4.5 billion. Elsewhere, shares of **Altria** rose 7.3% in the first week of trading following the **Kraft Foods** spinoff. In earnings news, **Best Buy** reported better than expected results but investors fretted over margins and no news of a buyback. Shares of **Monsanto** gained as the company beat earnings expectations on strong demand for corn seed. Subprime lender **New Century Financial** filed for bankruptcy. Looking ahead, **Alcoa** and **General Electric** are due to report results in the days ahead, the first official week of first quarter earnings reporting season. Of immediate concern to investors is how to interpret Friday's much stronger than expected March employment report. S&P 500 futures were higher in the wake of the report, but investors may reconsider their reaction as hopes for an interest rate cut from the Fed fade. Corporate guidance on earnings will help bring clarity to the outlook for investors. Regardless, M&A activity seems likely to provide ongoing support for equities, given low borrowing rates and strong corporate cash flows.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	5.01% (-01 bps)
6 Mo. T-Bill:	5.09% (+03 bps)
2 Yr. T-Note:	4.72% (+15 bps)
3 Yr. T-Note:	4.66% (+12 bps)
5 Yr. T-Note:	4.65% (+11 bps)
10 Yr. T-Note:	4.73% (+09 bps)
30 Yr. T-Bond:	4.90% (+06 bps)
GNMA (30 Yr) 8% Coupon:	103-25/32 (6.82%)
Duration:	3.23 years
30 Year Insured Revs:	90.0% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.61% (unch) yield as of 4-05-07
Goldman Sachs Commodity Index:	5908.63 (-11.92)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.09% (+09 bps)
B, 7-10 Yr.	8.01% (+05 bps)

Governments traded in a narrow range, with light volume, as yields drifted higher through the close on Thursday. Neither the economic news reported during this period (including weakness in the service sector and a drop in factory orders) nor the announcement that the U.K. sailors and marines held by Iran would be freed, had a significant market impact. Instead, most traders and investors seemed to be focused on the March Jobs Report slated for release Friday morning. The Bureau of Labor Statistics data showed that the labor market remained strong last month -- the Unemployment Rate dropped to 4.4% and Non-Farm payrolls increased by 180,000. This surprisingly robust employment data pushed yields sharply higher during Friday's shortened trading session. Fixed-income markets closed at 11:00 a.m. Eastern Time on Friday in observance of the Good Friday holiday. Economic reports (and related consensus forecasts) for the coming week include: Wednesday: Minutes of the March 21 FOMC meeting and March Monthly Budget Statement (-\$85.0 billion); Thursday: Initial Jobless Claims (320,000) and March Import Price Index (0.7%); and Friday: Feb. Trade Balance (-\$80.0 billion), March Producer Price Index (0.6%, less food and energy 0.2%) and University of Michigan Consumer Confidence Survey (88.0).

Source: Bloomberg and Barron's