

Weekly Market Update

For the week ended
June 15, 2007

US Stocks	
Weekly Index Performance	
DJIA:	13639.48 (+215.09,+1.6%)
S&P 500:	1532.91 (+25.24,+1.7%)
S&P MidCap:	911.99 (+12.81,+1.4%)
S&P SmallCap:	440.30 (+8.06,+1.9%)
Nasdaq Comp:	2626.71 (+53.17,+2.1%)
Russell 2000:	848.19 (+12.88,+1.5 %)
Market Indicators	
Strong Sectors:	Energy, Utilities, Industrials
Weak Sectors:	Telecom, Consumer Staples, Health Care
NYSE Advance/Decline:	2,282 / 1,237
NYSE New Highs/New Lows:	436 / 214
AAll Bulls/Bears:	37.3% / 43.7%

U.S. stocks posted solid gains last week as bond yields stabilized amid diminishing inflation concerns. Wednesday's Beige Book report showed the Fed sees modest growth with subdued pricing pressure while Friday's May CPI report came in below expectations. Energy stocks were the leading sector as crude prices hit a nine month high and ended the week at \$68/bbl. Utility shares regained their footing to end the week as the second best performing sector as bond yields fell the second half of the week. Brokerage earnings were a mixed bag. **Lehman** handily beat expectations on strong investment banking and equity trading results, while **Bear Stearns** fell short of expectations as sub-prime loan defaults hurt fixed income profits. **Intel** shares surged on a new product announcement and broker upgrade. **Texas Instruments** rebounded to post a gain on the week despite lowering 2Q revenue forecasts early in the week. Strong revenue gains on new product updates led to solid earnings growth for **Adobe**, although the shares fell on a disappointing forecast. **Nucor** shares fell sharply after the steel maker lowered its quarterly outlook. The Commerce Dept. reported May retail sales rose more than forecast, in contrast to last week's disappointing retail sales numbers. In merger news, **Penn National Gaming** is being taken private in a \$6 billion deal. Looking ahead, the coming week brings little economic data and only a handful of earnings reports giving investors a chance to digest the recent action and position their portfolios for the second half of the year. With recent data indicating inflation is moderating, stocks are likely to benefit as corporate profit growth and reasonable valuations make equities an attractive asset class.

US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	4.55 (-20 bps)
6 Mo. T-Bill:	4.86 (-05 bps)
2 Yr. T-Note:	5.02 (+04 bps)
3 Yr. T-Note:	5.05 (+04 bps)
5 Yr. T-Note:	5.09 (+05 bps)
10 Yr. T-Note:	5.16 (+06 bps)
30 Yr. T-Bond:	5.25 (+05 bps)
	103-28/32 (6.62%)
GNMA (30 Yr) 8% Coupon:	
Duration:	3.30 years
30 Year Insured Revs:	88.2% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.89% (+03 bps)
Crude Oil Futures:	68.00 (+3.24)
Gold Futures:	654.50 (+9.00)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.29% (+08 bps)
B, 7-10 Yr.	8.01% (+03 bps)

Treasury prices declined during the first two trading session of the week. And on Tuesday, the ten-year Treasury note yield reached a five-year high after former Federal Reserve Chairman Alan Greenspan predicated benchmark yields would increase. Although these levels attracted some buying Wednesday, and Treasuries posted gains on the day, the market quickly reversed course Thursday in reaction to a Producer Price report that renewed inflation concerns among many investors. However, gains on Friday pared some of the week's losses after reports released early in the day showed that the Consumer Price Index (less food and energy) increased less than expected in May, industrial production was flat last month and consumer confidence fell. Notwithstanding the Government market's positive performance on Friday, this week was the sixth consecutive upward shift in yields for Treasury Notes and Bonds. Additionally, ten-year Treasury note yields have increased by 54 basis points since the beginning of May. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: May Housing Starts (1,470k) and May Building Permits (1,470k); and Thursday: Initial Jobless Claims (311,000), May Leading Indicators (0.3%) and June Philadelphia Fed Business Outlook Survey (7.0).

Source: Bloomberg and Barron's