

### Weekly Market Update

For the week ended  
June 29, 2007

US Stocks	
Weekly Index Performance	
DJIA:	13408.62 (+48.36, +0.4%)
S&P 500:	1503.35 (+0.79, +0.1%)
S&P MidCap:	895.51 (-0.91, -0.1%)
S&P SmallCap:	432.31 (-0.44, -0.1%)
Nasdaq Comp:	2603.23 (+14.27, +0.6%)
Russell 2000:	833.69 (-1.06, -0.1%)
Market Indicators	
Strong Sectors:	Telecom Svcs., Utilities, Health Care
Weak Sectors:	Financials, Energy, Materials
NYSE Advance/Decline:	1,882 / 1,620
NYSE New Highs/New Lows:	245 / 220
AAll Bulls/Bears:	39.0% / 35.8%

US stocks edged higher in volatile trading in the final week of the second quarter. Intra-day reversals Monday, Tuesday and Friday left stocks in negative territory each day. Investors got some indication in the commentary from the Federal Reserve the central bank would not soon hike interest rates, and a report on core personal consumption expenditures encouraged a view that inflation is moderating. Yet worries continued over problems in the subprime credit market, and crude oil futures rose to a 10-month high, passing \$70/bbl. While the quarter ended on a down note Friday, it was a good one for stocks. The DJIA advanced 8.5% for its best quarter since 2003, the S&P 500 advanced 5.8%, and the Nasdaq Composite advanced 7.5%. Corporate deal-making last week included announced buyouts for **Huntsman**, **Ventana Medical Systems**, **Andrew, Komag** and **Guitar Center**. **Oracle** reported earnings ahead of estimates. **Nike** reported in-line earnings but strong new orders. **Research In Motion** shares surged Friday on a jump in profits attributed to new smartphone models. **Apple** shares were down modestly for the week but rose Friday into the iPhone launch. **Commerce Bancorp's** Chairman & CEO stepped aside. **Bear Stearns** injected \$1.6 billion to rescue one of its troubled hedge funds. Looking ahead, besides credit market troubles there is plenty of economic data due out this week including Friday's monthly employment report that could impact trading. Markets are closed Wednesday for the Independence Day holiday. Stocks could regain their footing as earnings season unfolds since valuations are not stretched, global economic fundamentals appear solid and bonds offer fairly weak competition for investor's capital.

<b>US Economy and Credit Markets</b>	
<b>Yields and Weekly Changes:</b>	
<b>3 Mo. T-Bill:</b>	4.80 (+10 bps)
<b>6 Mo. T-Bill:</b>	4.93 (+09 bps)
<b>2 Yr. T-Note:</b>	4.86 (-04 bps)
<b>3 Yr. T-Note:</b>	4.88 (-07 bps)
<b>5 Yr. T-Note:</b>	4.93 (-07 bps)
<b>10 Yr. T-Note:</b>	5.02 (-11 bps)
<b>30 Yr. T-Bond:</b>	5.12 (-13 bps)
	103-27/32 (6.61%)
<b>GNMA (30 Yr) 8% Coupon:</b>	
<b>Duration:</b>	3.30 years
<b>30 Year Insured Revs:</b>	90.8% of 30 Yr. T-Bond
<b>Bond Buyer 40 Yield:</b>	4.83% (-05 bps)
<b>Crude Oil Futures:</b>	70.68 (+1.54)
<b>Gold Futures:</b>	650.90 (-2.60)
<b>Merrill Lynch High Yield Indices:</b>	
<b>BB, 7-10 Yr.</b>	7.48% (+13 bps)
<b>B, 7-10 Yr.</b>	8.26% (+14 bps)

Treasury yields were down for the second straight week, with prices yo-yoing over the course of the week, while the Fed held its target rate steady at 5.25%. Prices rose to open the week as continuing unease with the credit market left investors seeking safety. A decrease in new-home inventories — fueling speculation that the housing market is not as bad as previously thought — helped pushed prices down on Tuesday. A 2.8% decline in consumer durables sales, well beyond the expected 1.7% forecast, drove prices up on Wednesday. Prices fell Thursday as the Fed noted that, while inflation improved somewhat in recent months, a “sustained moderation in inflation pressures has yet to be convincingly demonstrated.” Prices rebounded Friday as the consumer prices showed only a modest increase for the month, stemming some of the inflation fears. Economic reports (and related consensus forecasts) for the coming week include: Monday June ISM Manufacturing 55.0 ISM Prices Paid 68.5 Tuesday May Factory Orders -1.2% June Total Vehicle Sales 16.3M Thursday Initial Jobless Claims 315K June ISM Non-Manufacturing 58.0 Friday June Change in Nonfarm Payrolls 120k Unemployment Rate 4.5% Average Hourly Earnings 0.3% Average Weekly Hours 33.9.

*Source: Bloomberg and Barron's*