For the week ended September 21, 2007

Weekly Market Update

U.S. Stocks	
WEEKLY INDEX PERFORMANCE	
DJIA:	13820.19 (+377.67, +2.8%)
S&P 500:	1525.75 (+41.50, +2.8%)
S&P MidCap:	881.85 (+19.39, +2.3%)
S&P SmallCap:	427.94 (+13.89, +3.4%)
Nasdaq Comp:	2671.22 (+69.04, +2.7%)
Russell 2000:	813.11 (+29.62, +3.8%)
MARKET INDICATORS	
Strong Sectors:	Precious Metals, Materials, Energy, Telecom Svcs.
Weak Sectors:	Transports, Retail, Consumer Goods, Healthcare
NYSE Advance/Decline:	2,614 / 904
NYSE New Highs/New Lows:	323 / 130
AAII Bulls/Bears:	40.0% / 35.3%

U.S. stocks posted solid gains last week ending a two week losing streak. Energy shares led the advance as oil closed above $80/bbl for the first time ever before ending the week at $79.10. Financials also gained as anticipation builds that the Fed will cut rates, helping ease the recent credit crunch. **Countrywide** shares ended the week higher, despite revealing plans to trim its workforce by 20%, after announcing it secured $12 billion in funding. News was mostly positive from the tech sector although performance lagged the broader market. **Intel** boosted revenue estimates for the current quarter, while **Texas Instruments** raised EPS and revenue estimates. **Apple** sold its one millionth iPhone. **McDonald's** shares spiked higher thanks to higher August sales and plans to return over $15 billion to investors through dividends and stock buybacks in the next two years. They also raised their dividend 50%. **GM** shares gained on positive broker comments and plans for more environmentally friendly vehicles. Retailers gained on the week despite August sales coming in lower than forecast. Steel maker **Nucor** lowered EPS estimates citing softness in certain key markets. Looking ahead, all eyes will be on the FOMC meeting Tuesday where the Fed is expected to lower the fed funds target rate. Several large brokerage firms will also be reporting earnings throughout the week and investors will be looking for the extent of any damage the sub-prime mortgage meltdown and subsequent credit crunch inflicted. Overall, equities remain attractively valued for investors with a longer-term horizon as forecasts for sustained global economic growth bodes well for equities.

See next page for U.S. Economy and Credit Markets Information.

US Economy and Credit Markets	
YIELDS AND WEEKLY CHANGES:	
3 Mo. T-Bill:	3.75 (-23 bps)
6 Mo. T-Bill:	4.07 (-13 bps)
2 Yr. T-Note:	4.05 (+01 bps)
3 Yr. T-Note:	4.11 (+06 bps)
5 Yr. T-Note:	4.30 (+13 bps)
10 Yr. T-Note:	4.63 (+17 bps)
30 Yr. T-Bond:	4.89 (+17 bps)
GNMA (30 Yr) 8% Coupon:	103-26/32 (6.49%)
Duration:	3.05 years
30 Year Insured Revs:	93.7% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.85% (+03 bps)
Crude Oil Futures:	81.62 (+2.52)
Gold Futures:	732.10 (+21.00)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	7.63% (-18 bps)
B, 7-10 Yr.	8.58% (-29 bps)

Treasury yields rose for the second straight week, with the largest increases at the long end of the yield curve. The biggest news of the week was the 50 bps cut in its target rate by the Fed, a response, it stated, to the tightening of credit conditions, which “has the potential to intensify the housing correction and to restrain economic growth more generally.” While acknowledging that inflation risks remain, the committee determined that the need to “forestall some of the adverse effects on the broader economy” outweighed those risks, which they will continue to monitor. With the drop in the target rate, the fear of inflation was a driving factor in the decline in bond prices, especially those with longer maturities. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: August Existing Home Sales (5.49 million); Wednesday: August Durable Goods Orders (-3.4%, less Transportation -0.8%); Thursday: 2Q Final GDP (3.9%, Price Index 2.7%), Initial Jobless Claims (316,000), and August New Home Sales (830,000); Friday: August Personal Income (0.4%) and Personal Spending (0.4%), September Chicago Purchasing Manager Index (53.0), and September Final U of Michigan Consumer Confidence (84.0).

Source: Bloomberg and Barron's