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For The Week Ended November 7, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.28 (-15 bps)	**GNMA (30 Yr) 7% Coupon:**	103-01/32 (6.01%)
6 Mo. T-Bill	0.81 (-11 bps)	**Duration:**	3.66 years
1 Yr. T-Note	1.18 (-15 bps)	**30-Year Insured Revs**:	147.4% of 30 Yr. T-Bond
2 Yr. T-Note	1.32 (-23 bps)	**Bond Buyer 40 Yield**:	5.86% (-22 bps)
5 Yr. T-Note	2.55 (-25 bps)	**Crude Oil Futures**:	60.95 (-6.95)
10 Yr. T-Bond	3.77 (-19 bps)	**Gold Futures**:	735.90 (+11.90)
30 Yr. T-Bond	4.24 (-12 bps)	**Merrill Lynch High Yield Indices:**	
		BB, 7-10 Yr.	12.73% (-21 bps)
		B, 7-10 Yr.	17.36% (-19 bps)

As the news from the economy continued to be mostly dismal, Treasury prices increased across the yield curve. Prices were up Monday as the ISM manufacturing index fell to its lowest level in 26 years. As factory orders declined, prices rose Tuesday as Americans went to the polls. A sharp decline in the service sector sent prices higher Wednesday, although the announcement of $55 billion in upcoming auctions limited gains. As the number of Americans receiving unemployment compensation reached a record high, the yield on the two-year note hit its lowest level since March and prices rose for all maturities. Prices fell Friday despite a worse-than-expected employment report as the huge coming supply prompted selling to make room for purchase of the new issues. The October employment report showed a loss of 240,000 nonfarm jobs, while August and September were revised downward by a total of 179,000; the unemployment rate is at 6.5%, its highest level since 1994. Economic reports (and related consensus forecasts) for the coming week include: Thursday: September Trade Balance (-$57.0billion), Initial Jobless Claims (480,000), and October Monthly Budget Statement (-$101.1 billion); Friday: October Import Price Index (-4.4%), October Advance Retail Sales (-2.1%, less Autos -1.2%), November Preliminary U of Michigan Consumer Confidence (56.3), and September Business Inventories (0.0%).

US Stocks:

Weekly Index Performance

DJIA	8943.81 (-381.20,-4.1%)
S&P 500	930.99 (-37.76,-3.9%)
S&P MidCap	539.49 (-29.00,-5.1%)
S&P Small Cap	269.95 (-17.72,-6.2%)
NASDAQ Comp	1647.40 (-73.55,-4.3%)
Russell 2000	505.79 (-31.73,-5.9%)

Market Indicators

Strong Sectors: Telecom, Utilities, Consumer Staples
Weak Sectors: Financials, Consumer Discretionary, Technology
NYSE Advance/Decline: 1,256 / 2,022
NYSE New Highs/New Lows: 8 / 186
AAII Bulls/Bears: 44.8% / 33.3%

After an Election Day rally US stocks retreated the back half of the week to finish with significant losses as economic data continued to point to a weakening economy. Data showed weakness in both the consumer and business side of the economy as October retail sales were worse than expected, job losses mounted and manufacturing was weak. Earnings reports generally pointed to a difficult environment with companies offering little in the way of visibility into the first half of 2009. Automakers reported dismal 3rd quarter results and October sales (**GM** down 45%, **Ford** down 30%) and lobbied Washington for help. October same-store sales were weak across the board. Discounters, as expected, held up better than their full-price counterparts with **Wal-Mart** posting an increase in sales. **Google** walked away from a potential search advertising partnership with **Yahoo!** citing antitrust concerns. **Cisco** reported results just short of expectations and offered a cautious forecast for 2009. **Mastercard** shares jumped on earnings well ahead of forecasts due to strong cost controls. **Archer-Daniels-Midland** blew past estimates as favorable commodity prices throughout the quarter boosted results. Looking ahead, the coming week looks to be light on scheduled data points as there are few economic releases and earnings season is winding down. Signs of stabilization in the housing and labor markets will likely be needed before investors commit significant sums of sidelined cash to the market. As President-elect Obama begins making key appointments, market participants will be watching to see if he has a firm grasp on the key economic issues and the right team and plan in place to manage the country through the crisis .