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For The Week Ended November 14, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.13 (-15 bps)	**GNMA (30 Yr) 7% Coupon:**	102-27/32 (5.89%)
6 Mo. T-Bill	0.87 (+06 bps)	**Duration:**	3.636 years
1 Yr. T-Note	1.10 (-08 bps)	**30-Year Insured Revs**:	148.3% of 30 Yr. T-Bond
2 Yr. T-Note	1.20 (-12 bps)	**Bond Buyer 40 Yield**:	5.84% (-02 bps)
3 Yr. T-Note	1.53 (---)	**Crude Oil Futures**:	56.53 (-4.38)
5 Yr. T-Note	2.31 (-24 bps)	**Gold Futures**:	741.90 (+6.00)
10 Yr. T-Bond	3.71 (-06 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.20 (-04 bps)	**BB, 7-10 Yr.**	13.04% (+31 bps)
		B, 7-10 Yr.	17.94% (+58 bps)

Prices of Treasuries were higher for the week as the news from the economy again was mostly negative. Prices were up Monday following a strong auction of three-year notes, the first time that security had been issued since May of 2007. Following Tuesday's bond market closing to observe the Veteran's Day holiday, prices rose again Wednesday, sending the yield on the two-year note to its lowest level since 2003. Prices fell Thursday on mild demand at the auction of 30-year bonds and on strong stock market gains. Thursday's decline in prices reversed gains early in the day rising out of continued increases in the number of people seeking unemployment benefits, both first-time and continuing claims. Prices rebounded Friday as retail sales fell far in excess of forecasts. While the consensus estimate was for a 2.1% decline in retail sales, sales actually fell by 2.8%; excluding autos, the decline of 2.2% exceeded estimates of a 1.2% drop. Economic reports (and related consensus forecasts) for the coming week include: Monday: October Industrial Production (0.2%) and Capacity Utilization (76.5%); Tuesday: October Producer Price Index (-1.8%, Ex Food & Energy 0.1%); Wednesday: October Consumer Price Index (-0.8%, Ex Food & Energy 0.2%), October Housing Starts (780,000), and Minutes of Oct. 28-29 FOMC Meeting released; Thursday: Initial Jobless Claims (501,000), November Philadelphia Fed report (-35.0) and October Leading Indicators (-0.6%).

US Stocks:

Weekly Index Performance

DJIA	8497.31 (-446.50,-5.0%)
S&P 500	873.29 (-57.70,-6.2%)
S&P MidCap	497.52 (-41.97,-7.8%)
S&P Small Cap	245.36 (-24.59,-9.1%)
NASDAQ Comp	1516.85 (-130.55,-7.9%)
Russell 2000	456.52 (-49.27,-9.7%)

Market Indicators

Strong Sectors: Telecom, Utilities, Health Care
Weak Sectors: Financials, Materials, Consumer Discretionary
NYSE Advance/Decline: 406 / 2,900
NYSE New Highs/New Lows: 8 / 749
AAII Bulls/Bears: 38.3% / 42.5%

U.S. stocks continued to slide as news from the retail sector painted a grim picture, jobless claims grew and the health of the auto industry grew more desperate. The selling was briefly interrupted Thursday afternoon as stocks rallied furiously after the major market averages hit fresh 2008 lows around mid-day. October retail sales came in weaker than expected, mirroring many of the recent earnings reports from the sector. **Best Buy** warned of a tough Christmas season in reducing forecasts while rival **Circuit City** filed for bankruptcy protection. **Starbucks** missed earnings estimates on sagging sales. On a positive note, **McDonald's** reported strong global October sales gains driven by $1 menu items. **American Express** converted to a bank holding company and promptly asked the Federal government for $3.5 billion in assistance. The government increased the size of the **AIG** bailout to $150 billion. **Citigroup** saw its share price tumble into the single digits for first time in over a decade amid reports of board discontent and a potential bank acquisition. **Intel** slashed revenue projections for 2009. With the health of the domestic automakers growing increasingly dire, the prospects of government help increased as House Democrats called for a bailout. Oil continued to fall, closing the week at $57.04/bbl, a level last seen in January 2007. Looking ahead, the earnings calendar is sparse while economic releases include reports on inflation and October FOMC minutes. As investors digest recent data points and chart a course for the remainder of the year, caution and prudence are likely to rule the day. Rallies are likely to be short-lived until investors feel more comfortable with the long-term direction of the economy and signs of stabilization in the housing and labor markets emerge.