

**For The Week Ended December 19, 2008**  
**Weekly Market Commentary & Developments**

**US Economy and Credit Markets:**

**Yields and Weekly Changes:**

<b>3 Mo. T-Bill</b>	-0.01 (-02 bps)	<b>GNMA (30 Yr) 7% Coupon:</b> 103-29/32 (4.88%)
<b>6 Mo. T-Bill</b>	0.13 (-07 bps)	<b>Duration:</b> 2.85 years
<b>1 Yr. T-Note</b>	0.38 (-07 bps)	<b>30-Year Insured Revs:</b> 269.8% of 30 Yr. T-Bond
<b>2 Yr. T-Note</b>	0.73 (-02 bps)	<b>Bond Buyer 40 Yield:</b> 6.06% (-51 bps)
<b>3 Yr. T-Note</b>	1.02 (-01 bps)	<b>Crude Oil Futures:</b> 33.87 (-12.68)
<b>5 Yr. T-Note</b>	1.35 (-16 bps)	<b>Gold Futures:</b> 836.90 (+19.90)
<b>10 Yr. T-Bond</b>	2.12 (-45 bps)	<b>Merrill Lynch High Yield Indices:</b>
<b>30 Yr. T-Bond</b>	2.55 (-49 bps)	<b>BB, 7-10 Yr.</b> 13.47% (-72 bps)
		<b>B, 7-10 Yr.</b> 17.47% (-73 bps)

Treasuries showed their seventh straight week of gains after the Fed cut its target rate to a range of 0-0.25%, noting that conditions in the economy had deteriorated since its last meeting, while the pressure of inflation had "diminished appreciably." As part of its actions, the Fed will continue to buy agency debt and mortgage-backed securities in hopes of supporting the housing and mortgage markets. After seven straight trading sessions of gains for most maturities, prices did decline Friday following the White House bailout of U.S. automakers. In addition, the looming auction of a total of \$66 billion in two- and five-year notes pressured prices as supply increases. The Consumer Price Index fell by 1.7% in November -- the sharpest one-month drop since to 1930s -- based mostly on the sharp decline in energy prices. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: 3Q F GDP (-0.5%, Price Index 4.2%), December Final U of Michigan Consumer Confidence (58.7), November New Home Sales (415,000), and November Existing Home Sales (4.93 million); and Wednesday: November Personal Income (0.0%) and Personal Spending (-0.7%), November Durable Goods Orders (-3.0%, ex Transportation -3.0%), and Initial Jobless Claims (554,000).

**US Stocks:**

**Weekly Index Performance**

<b>DJIA</b>	8579.11 (-50.57,-0.6%)
<b>S&amp;P 500</b>	887.88 (+8.15,+0.9%)
<b>S&amp;P MidCap</b>	523.39 (+15.87,+3.1%)
<b>S&amp;P Small Cap</b>	260.55 (+9.81,+3.9%)
<b>NASDAQ Comp</b>	1564.32 (+23.60,+1.5%)
<b>Russell 2000</b>	486.26 (+17.83,+3.8%)

**Market Indicators**

<b>Strong Sectors:</b>	Health Care, Financials, Consumer Services
<b>Weak Sectors:</b>	Oil & Gas, Utilities, Basic Materials
<b>NYSE Advance/Decline:</b>	2,236 / 1,009
<b>NYSE New Highs/New Lows:</b>	13 / 152
<b>AAll Bulls/Bears:</b>	39.7% / 35.6%

The S&P 500 finished the week up for the third time in four weeks as it rose 0.9% and is now 18% above its Nov. 20<sup>th</sup> low but still 43% below its 2007 high. **Apple** shares were down over 8% for the week after the company said that Steve Jobs won't present new products at the Macworld Expo in January. After an early-week drop, shares of **Morgan Stanley** gained over 11% for the week after S&P said it was encouraged by their asset sales. **Liberty Media's** tracking stock surged over 28% on news that it would be spinning off Liberty Entertainment Group. **Best Buy** finished the week up about 15% after a positive 3Q earnings report. Shares of **General Motors** and **Ford** jumped Friday after President Bush announced a \$17 billion dollar auto bailout plan. Crude-oil futures finished the week down just over 26% for the week as fears of slowing demand outweighed the latest OPEC production cut of 2.2 million barrels a day in January. Looking ahead to earnings this week, **Walgreen** reports its 1<sup>st</sup> quarter earnings on Monday followed by **Micron Technology** on Tuesday. Investors will be watching the final third quarter GDP numbers on Tuesday which are expected to mirror the estimated decline of 0.5%.