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For The Week Ended February 22, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill	2.18 (unch.)	**GNMA (30 Yr) 8% Coupon:** 104-20/32 (6.15%)	
6 Mo. T-Bill	2.12 (+06 bps)	**Duration:** 3.21 years	
2 Yr. T-Note	2.02 (+11 bps)	**30-Year Insured Revs**: 102.6% of 30 Yr. T-Bond	
5 Yr. T-Note	2.84 (+09 bps)	**Bond Buyer 40 Yield**: 5.01% (+10 bps)	
10 Yr. T-Note	3.80 (+04 bps)	**Crude Oil Futures**: 99.01 (+3.78)	
30 Yr. T-Bond	4.57 (unch.)	**Gold Futures**: 944.70 (41.90)	
		Merrill Lynch High Yield Indices:	
		BB, 7-10 Yr.	8.05% (+04 bps)
		B, 7-10 Yr.	10.36% (+04 bps)

Treasury prices fell for the holiday-shortened week, including the first weekly decline in price for the Two-Year note in 2008. Also for the first time in 2008, the spread between the yields on the Two- and 10-Year notes narrowed. A consensus seems to be emerging that, with an eye toward inflation concerns, the bulk of the Fed rate cutting has been done, and that any drop in rates in the near future will be smaller than the 75 bps inter-meeting cut in January and the 50 bps cut at the regular January meeting. On the inflation front, CPI rose more than expected in January, both overall and when excluding volatile food and energy prices. Economic reports (and related consensus forecasts) for the coming week include: Monday: January Existing Home Sales (4.81 million, -1.8%); Tuesday: January Producer Price Index (0.3%, less Food and Energy 0.2%); Wednesday: January Durable Goods Orders (-4.0%, Ex Transportation -1.3%) and January New Home Sales (600,000, -0.7%); Thursday: 4Q Preliminary GDP (0.8%, Price Index 2.6%) and Initial Jobless Claims (350,000); and Friday: January Personal Income (0.2%) and Personal Spending (0.2%), February Chicago Purchasing Manager Index (49.7), and February Final U of Michigan Consumer Confidence (70.0).

US Stocks

Weekly Index Performance

DJIA	12381.02 (+32.81,+0.3%)
S&P 500	1353.11 (+3.12,+0.2%)
S&P MidCap	801.12(+5.60,+0.7%)
S&P Small Cap	368.82 (-1.02,-0.3%)
NASDAQ Comp	2303.35 (-18.45,-0.8%)
Russell 2000	695.43 (-6.09,-0.9%)

Market Indicators

Strong Sectors: Energy, Materials, Financials
Weak Sectors: Telecom, Utilities, Health Care
NYSE Advance/Decline: 1,852 / 1,670
NYSE New Highs/New Lows: 89 / 147
AAII Bulls/Bears: 33.2% / 44.7%

Larger cap U.S. stocks managed a second consecutive winning week as a rally late Friday on rumors of a deal to bail out a credit rating agency sent stocks into positive territory for the week. Energy shares led the way for week as oil crossed the $100 mark again before ending the week at $98.81. Wednesday's higher than expected CPI stoked inflation concerns sending shares lower initially before an afternoon rally erased the losses. Commodities continued to march higher as gold, copper and silver all added to recent advances. **Hewlett-Packard** continued its streak of upside earnings surprises and raised its full year outlook on strong global demand. **Wal-Mart** reported EPS a couple of cents ahead of forecasts easing some concerns over the fragile state of the consumer. Fears of further credit related write-downs continued to weigh on financial shares as **Credit Suisse** announced an unexpected $3 billion write-down. **Microsoft** announced it will open portions of its source code to developers in an effort to appease EU regulators. **Research in Motion** shares jumped after the Blackberry maker raised subscriber forecasts. **Verizon's** $100 per month unlimited cell phone plan sent telecom shares lower on the week on fears of a price war among cell phone service providers. **Safeway** shares came under pressure despite in-line earnings as rising food costs slowed sales growth and squeezed margins. Looking ahead, several important economic reports along with a handful of retail earnings should give investors a chance to revisit their outlook on the economy and state of the consumer. Investors are likely to remain skittish given the concerns over economic growth, rising commodity prices and unstable credit markets unless news points decidedly toward the bullish camp.