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

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill	1.43 (-40 bps)	**GNMA (30 Yr) 8% Coupon:** 104-22/32 (6.09%)	
6 Mo. T-Bill	1.52 (-29 bps)	**Duration:** 3.24 years	
2 Yr. T-Note	1.52 (-11 bps)	**30-Year Insured Revs**: 113.0% of 30 Yr. T-Bond	
5 Yr. T-Note	2.43 (-04 bps)	**Bond Buyer 40 Yield**: 5.08% (-33 bps)	
10 Yr. T-Note	3.54 (+03 bps)	**Crude Oil Futures**: 105.53 (+3.79)	
30 Yr. T-Bond	4.45 (+14 bps)	**Gold Futures**: 974.20 (-0.80)	
		Merrill Lynch High Yield Indices:	
		BB, 7-10 Yr.	7.99% (+03 bps)
		B, 7-10 Yr.	10.77% (+13 bps)

Treasury yields were mixed last week, with increases for longer maturities (meaning higher prices) and decreases for shorter term securities. The headline news from the economy was the loss of 63,000 jobs in nonfarm payrolls in February; in addition December and January figures were revised downward by a total of 46,000. The consensus of economists' forecast had seen a 23,000 increase in payrolls last month. The unemployment rate did decline to 4.8% from 4.9%, and first-time unemployment claims were the lowest in a month, but continuing claims for unemployment were the highest since September 2005. In other news, the ISM manufacturing index fell (but not as much as expected), while the non-manufacturing number grew more than forecasted; both numbers, however, were below the level signaling expansion. Economic reports (and related consensus forecasts) for the coming week include: Monday: January Wholesale Inventories (0.5%); Tuesday: January Trade Balance (-$59.6 billion); Wednesday: February Budget Statement (-$160.0 billion); Thursday: February Import Price Index (0.8%), February Advance Retail Sales (0.2%, Less Autos 0.2%), Initial Jobless Claims (355,000), and January Business Inventories (0.5%); and Friday: February Consumer Price Index (0.3%, Ex Food & Energy 0.2%) and March Preliminary U of Michigan Consumer Confidence (70.1).

US Stocks

Weekly Index Performance

DJIA	11893.69 (-372.70,-3.0%)
S&P 500	1293.37 (-37.26,-2.8%)
S&P MidCap	760.81(-27.70,-3.5%)
S&P Small Cap	352.19 (-11.50,-3.2%)
NASDAQ Comp	2212.49 (-58.99,-2.6%)
Russell 2000	660.11 (-26.07,-3.8%)

Market Indicators

Strong Sectors: Utilities, Consumer Staples, Telecom
Weak Sectors: Financials, Energy, Materials
NYSE Advance/Decline: 714 / 2,847
NYSE New Highs/New Lows: 76 / 543
AAII Bulls/Bears: **22.0**% / 51.7%

US stocks lost ground across the board last week as evidence mounted the economy is slowing down and credit markets continued to claim more victims. Friday's employment report, which showed a worse than expected loss of 63,000 jobs, combined with earlier reports of increasing housing foreclosures and delinquencies to send stocks lower for the week. Financial stocks bore the brunt of the week's selling. Investment banks were under pressure after several downgrades in the group. **Citigroup** fell amidst reports it will have to raise more capital. **Thornburg Mortgage** plummeted after failing to meet several margin calls. February retails sales offered a mixed bag. Discounters, including **Wal-Mart** and **Target**, turned in February same-store sales ahead of expectations while mall-based stores generally disappointed. **Northrop Grumman** was the surprise winner of a $35 billion military tanker contract, beating out rival **Boeing**. Commodities showed no let up and continued to post new highs. Oil hit $106/bbl before settling at $105.15 to end the week as OPEC announced it will hold output steady and US crude oil inventories fell. Gold got within sight of $1000/oz before ending the week at $973/oz. Looking ahead, the coming week brings numerous retail earnings and the February CPI report among others. Investors will be looking for signs that inflation is under control therefore leaving the Fed with more options to steer the economy through a slowdown. At current levels, equities are starting to look oversold however credit market worries will likely need to subside before stocks can mount a sustained move higher.