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For The Week Ended April 11, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	1.18 (-18 bps.)
6 Mo. T-Bill	1.38 (-13 bps)
2 Yr. T-Note	1.74 (-07 bps)
5 Yr. T-Note	2.57 (-04 bps)
10 Yr. T-Note	3.46 (unch)
30 Yr. T-Bond	4.29 (-01 bps)

GNMA (30 Yr) 8% Coupon: 104-03/32 (6.29%)
Duration: 2.98 years
30-Year Insured Revs: 114.6% of 30 Yr. T-Bond
Bond Buyer 40 Yield: 4.97% (-14 bps)
Crude Oil Futures: 110.33 (+4.05)
Gold Futures: 923.60 (+14.60)
Merrill Lynch High Yield Indices:

BB, 7-10 Yr.	7.97% (-08 bps)
B, 7-10 Yr.	10.62% (unch)

Consumer confidence (as measured by the Reuters/University of Michigan monthly survey) dropped to a 26-year low this week, reflecting to a large extent, weakness in employment markets and surging food and energy prices. This report followed Tuesday's release of the minutes for the March FOMC meeting which showed that some policy makers had concerns regarding the risks of a prolonged downturn in growth. These unsettling developments, together with continued worries about weak corporate profits were the basic factors supporting the bid for Treasuries throughout the week. Economic reports (and related consensus forecasts) for the coming week include: Monday: March Advance Retail Sales (0.1%) and February Business Inventories (0.5%); Tuesday: March Producer Price Index (0.7%, less food and energy 0.2%) and April Empire Manufacturing Survey (-18.0); Wednesday: March Consumer Price Index (0.3%, less food and energy 0.2%), March Housing Starts (1,020k), March Building Permits (970k), March Industrial Production (-0.1%) and March Capacity Utilization (80.3%); and Thursday: Initial Jobless Claims (365,000), March Leading Indicators (0.1%) and Philadelphia Fed Business Outlook Survey (-15.0).

US Stocks:

Weekly Index Performance

DJIA	12325.42 (-284.00,-2.3%)
S&P 500	1332.83 (-37.57,-2.7%)
S&P MidCap	799.36 (-15.81,-1.9%)
S&P Small Cap	363.99 (-14.13,-3.7%)
NASDAQ Comp	2290.24 (-80.74,-3.4%)
Russell 2000	688.16 (-25.57,-3.6%)

Market Indicators

Strong Sectors: Utilities, Energy, Health Care, Materials
Weak Sectors: Industrials, Financials, Consumer Discretionary
NYSE Advance/Decline: 1,221 / 2,350
NYSE New Highs/New Lows: 125 / 89
AAII Bulls/Bears: 45.8% / 37.3%

US stocks posted weekly declines after sustaining sizable losses on Friday. Trading was relatively calm through Thursday with averages moving in a tight range despite disappointing earnings news and record crude oil prices. However on Friday economic bellwether **General Electric** reported first quarter profits well short of estimates and lowered guidance for 2008. Also Friday, a survey of consumer sentiment registered its lowest reading since 1982. Nine of ten market sectors ended lower on the day. Aside from GE, first quarter earnings season made an inauspicious start. **Alcoa**'s earnings fell 52%. **UPS** warned on profits, citing higher fuel costs and a weak economy. **Genentech**'s report was mixed, with earnings ahead of expectations but revenues a bit light. March sales reports from retailers were mostly grim though **Wal-Mart** raised earnings guidance despite falling short on "comps". Crude oil registered a new record of $112.21/bbl, boosting energy shares. **Boeing** delayed its 787 plane again yet its shares traded higher. **Washington Mutual** shares rose on news the bank would get a $7 billion capital infusion from a private equity consortium. In merger news, Japan's **Takeda** agreed to buy **Millennium Pharmaceuticals** for $8.8 billion. **Kinetic Concepts** agreed to buy **LifeCell** for $1.7 billion. The **Microsoft** bid for **Yahoo!** took an interesting turn as Yahoo! explored a tie-up with **Time Warner**'s AOL unit while Microsoft explored options with **News Corp**. Looking ahead, the coming week is heavy in corporate earnings reports with nine of thirty DJIA companies set to report results. Economic data in the form of March consumer and producer prices looms large this week as well. Investors were unnerved by GE's earnings miss last week but the troubles were mostly due to its financial businesses so any signs of optimism from non-Financial firms could help stocks regain some traction. Meanwhile, investors will be watching for more write-downs from the Financials, but even there the ugly headlines may already be reflected in current prices.