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For The Week Ended August 1, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill	1.65 (-07 bps)	**GNMA (30 Yr) 8% Coupon:**	105-23/32 (5.97%)
6 Mo. T-Bill	1.86 (-07 bps)	**Duration:**	3.36 years
1 Yr. T-Note	2.23 (-06 bps)	**30-Year Insured Revs:**	110.8% of 30 Yr. T-Bond
2 Yr. T-Note	2.49 (-21 bps)	**Bond Buyer 40 Yield:**	5.33% (-01 bps)
5 Yr. T-Note	3.20 (-24 bps)	**Crude Oil Futures:**	125.13 (+1.83)
10 Yr. T-Bond	3.93 (-18 bps)	**Gold Futures:**	909.00 (-17.80)
30 Yr. T-Bond	4.55 (-14 bps)	**Merrill Lynch High Yield Indices:**	
		BB, 7-10 Yr.	8.76% (+08 bps)
		B, 7-10 Yr.	11.25% (+22 bps)

After the monthly employment showed a decline in U.S. payrolls for a seventh straight month, Treasuries rose in price for the week. Prices climbed to open the week, as weakness in the banking sector continued to send investors seeking the safety of Treasuries. Unexpected increases in consumer confidence sent prices downward Tuesday, losses which continued Wednesday as the Treasury announced its upcoming auctions for the ten-year note and the 30-year bond, both of which will exceed recent levels. Prices increased Thursday as the preliminary GDP report showed growth of 1.9% in the second quarter, below forecasted levels of 2.3% growth for the period. The rise in prices continued to close the week when the Labor Department's jobs report showed that nonfarm payrolls fell by 51,00 in July, although that loss was better than forecasts. The unemployment rate also rose to 5.7%, its highest level since March 2004. Economic reports (and related consensus forecasts) for the coming week include: Monday: June Personal Income (-0.2%) and Personal Spending (+0.4%); Tuesday: July ISM Non-Manufacturing Index (48.7) and FOMC Rate Decision (2.00%); Thursday: Initial Jobless Claims (420,000) and June Consumer Credit ($6.3 billion); and Friday: 2Q Preliminary Nonfarm Productivity (+2.5%) and Unit Labor Costs (+1.4%) and June Wholesale Inventories (0.6%).

US Stocks

Weekly Index Performance

DJIA	11326.32 (-44.37,-0.4%)
S&P 500	1260.31 (+2.55,+0.2%)
S&P MidCap	801.07 (+5.53,+0.7%)
S&P Small Cap	372.66 (+2.64,+0.7%)
NASDAQ Comp	2310.96 (+0.43,+0.0%)
Russell 2000	716.16 (+5.82,+0.8%)

Market Indicators

Strong Sectors: Financials, Consumer Staples, Energy
Weak Sectors: Telecomm, Utilities, Health Care
NYSE Advance/Decline: 1,958 / 1,330
NYSE New Highs/New Lows: 72 / 204
AAII Bulls/Bears: 40.0% / 41.2%

US stocks finished with modest gains last week in volatile trading. The week saw four days end with moves of at least one percent in either direction. Financials led the market higher despite another large loss from **Merrill Lynch**. The investment bank shed a large portion of its CDO book for pennies on the dollar and raised $8.5 billion in new equity. **Kohlberg Kravis Roberts** announced plans to go public. Biotechs were in the news throughout the week. **Bristol-Myers** offered to buy the remaining stake in **Imclone** it does not already own at a 29% premium. **Amgen** posted results that surpassed expectations in addition to announcing positive data on its osteoporosis drug. **Elan** fell sharply after it revealed negative data on two separate drugs. **Biogen's** shares also fell on the same negative Tysabri data that effected **Elan**. Automakers reported July sales dropped sharply from the year earlier period. **GM** reported a 25% drop in July sales along with a $15.5 billion second quarter loss. **Ford** and **Toyota** also saw July sales fall dramatically. **Exxon** reported another quarter of record profits yet its shares fell as results fell short of expectations. **Marathon's** shares rose after the company announced it is considering splitting the refining business from the rest of the company. **Motorola** posted a surprise profit sending its shares higher. **Comcast** reported a solid quarter although subscriber growth rates fell. **Sirius** closed its acquisition of **XM Satellite** after the FCC approved the deal Monday. Looking ahead, Tuesday's Fed meeting will be the week's main attraction. Plenty of earnings will also be released to keep investors busy. While challenges remain, equities continue to look attractive relative to other asset classes although investors will likely require more substantial proof we have hit bottom before moving money off the sidelines.