



## For The Week Ended September 26<sup>th</sup>, 2008 Weekly Market Commentary & Developments

### US Economy and Credit Markets:

#### Yields and Weekly Changes:

<b>3 Mo. T-Bill</b>	1.45 (-13 bps)	<b>GNMA (30 Yr) 8% Coupon:</b> 105-9/32 (6.10%)
<b>6 Mo. T-Bill</b>	1.91 (-10 bps)	<b>Duration:</b> 3.33 years
<b>1 Yr. T-Note</b>	2.24 (-03 bps)	<b>30-Year Insured Revs:</b> 104.3% of 30 Yr. T-Bond
<b>2 Yr. T-Note</b>	2.65 (+05 bps)	<b>Bond Buyer 40 Yield:</b> 5.27% (+17 bps)
<b>5 Yr. T-Note</b>	3.42 (+14 bps)	<b>Crude Oil Futures:</b> 128.92 (-16.16)
<b>10 Yr. T-Bond</b>	4.09 (+14 bps)	<b>Gold Futures:</b> 958.00 (-2.60)
<b>30 Yr. T-Bond</b>	4.65 (+11 bps)	<b>Merrill Lynch High Yield Indices:</b>
		<b>BB, 7-10 Yr.</b> 8.70% (+01 bps)
		<b>B, 7-10 Yr.</b> 11.03% (-08 bps)

After two days of gains to open the week, Treasury prices fell in each of the final three trading sessions as the equity markets bounced back, ending the week with price declines for longer-maturity debt. The early week gains were spurred by fears relating to the status of Fannie Mae and Freddie Mac -- both of which had successful debt auctions during the week -- as well as statements from Fed Chairman Ben Bernanke. In his semiannual statement before Congress, Bernanke noted that higher fuel prices, tight credit conditions, and the continuing weakness in the housing market all posed impediments to growth in the U.S. economy in the second half of the year. The comments on weakness added to speculation that the Fed will continue to keep its target rate steady rather than begin the process of increasing rates in order to try to bring inflation under control. Those fears of inflation also helped push prices down later in the week, as did a strong rebound in the stock markets and a sharp decline in oil prices. Economic reports (and related consensus forecasts) for the coming week include: Monday: June Leading Indicators (-0.1%); Wednesday: Fed's Beige Book released; Thursday: Initial Jobless Claims (380,000) and June Existing Home Sales (4.94 million); Friday: June Durable Goods Orders (-0.3%, Ex Transportation -0.2%), July Final U of Michigan Confidence (56.3), and June New Home Sales (503,000).

### US Stocks:

#### Weekly Index Performance

<b>DJIA</b>	11143.13 (-245.31,-2.15%)
<b>S&amp;P 500</b>	1213.01 (-42.07,-3.35%)
<b>S&amp;P MidCap</b>	753.27 (-51.81,-6.44%)
<b>S&amp;P Small Cap</b>	373.51 (-23.83,-6.00%)
<b>NASDAQ Comp</b>	2183.34 (-90.56,-3.98%)
<b>Russell 2000</b>	704.79 (-48.95,-6.49%)

#### Market Indicators

<b>Strong Sectors:</b>	Health Care, Technology, Utilities
<b>Weak Sectors:</b>	Basic Materials, Financials, Industrials
<b>NYSE Advance/Decline:</b>	630 / 2,683
<b>NYSE New Highs/New Lows:</b>	27 / 393
<b>AAII Bulls/Bears:</b>	34.0% / 45.7%

The Dow Jones Industrial Average ended the week down for the sixth time in seven as traders waited for news on the biggest financial bailout in US history. The uncertainty led to a 40% reduction in trading volume as Wall Street waited in vain for the news first expected Thursday and then on Friday. **Washington Mutual** became the latest victim of the financial crisis when the bank was seized by federal authorities and its banking assets sold to JPMorgan Chase. **Wachovia** was reported to be in merger talks with Citigroup after its stock fell 27% on Friday as investors fled big lenders. Warren Buffet's Berkshire Hathaway gave the newly formed banking company **Goldman Sachs** a boost after buying \$5 billion dollars' worth of their preferred shares. Its shares finished the week up over 6%. A poor earnings forecast after the close Thursday led **Research In Motion** shares to an almost 32% drop for the week. Another newly formed bank, **Morgan Stanley** (down 9%), announced that the Japanese firm Mitsubishi UJF Financial was buying a 20% equity stake in the company. As shares prices fell farther, **Microsoft**, **Hewlett-Packard** and **Nike** all announced big stock buybacks worth \$53 billion all together. Crude-oil futures finished up just over 2% for the week. Looking ahead to the coming week, the latest report on personal income and spending arrives Monday, and the Chicago Purchasing Managers' Index and consumer confidence reports arrive Tuesday. **Circuit City**, **Constellation Brands** and **Walgreen** are all due to report quarterly earnings this week.