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For The Week Ended September 5th, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	1.68 (-03 bps)
6 Mo. T-Bill	1.89 (-05 bps)
1 Yr. T-Note	2.05 (-11 bps)
2 Yr. T-Note	2.23 (-13 bps)
5 Yr. T-Note	3.91 (-17 bps)
10 Yr. T-Bond	3.65 (-16 bps)
30 Yr. T-Bond	4.27 (-15 bps)

GNMA (30 Yr) 8% Coupon: 106-3/32 (5.87%)
Duration: 3.37 years
30-Year Insured Revs: 115.5% of 30 Yr. T-Bond
Bond Buyer 40 Yield: 5.35% (+03 bps)
Crude Oil Futures: 106.44 (-90.9)
Gold Futures: 802.40 (-29.70)
Merrill Lynch High Yield Indices:
BB, 7-10 Yr. 8.66% (-06 bps)
B, 7-10 Yr. 11.26% (-06 bps)

Treasury prices were higher for the week as the news from the economy showed that it remains sluggish. Prices rose in all four trading sessions for the week as news from the manufacturing sector and the employment market failed to signal a quick turnaround in the economy. Following the Labor Day holiday, a slight contraction in the ISM Manufacturing Index for August -- meaning essentially zero growth in that sector -- helped push prices higher Tuesday. On Wednesday, prices were boosted by the release of the Fed's Beige Book, which showed a slowing economy. An unexpectedly large jump in first-time unemployment claims factored into Thursday's increase in Treasury prices. Friday's employment report for August showed a decline in nonfarm payrolls of 84,000, more than the consensus forecasted loss of 75,000. In addition, the unemployment rate rose to 6.1%, far exceeding forecasts (5.7%) and the highest level since September 2003. Economic reports (and related consensus forecasts) for the coming week include: Monday: July Consumer Credit ($8.6 billion); Tuesday: July Wholesale Inventories (0.7%); Thursday: July Trade Balance (-$58.0 billion); August Import Price Index (-1.5%), Initial Jobless Claims (440,000), and August Monthly Budget Statement (-$105.0 billion); and Friday: August Producer Price Index (-0.5%, Ex Food & Energy 0.2%), August Advance Retail Sales (0.3%, Less Autos -0.2%), September preliminary U of Michigan Consumer Confidence (64.0), and July Business Inventories (0.5%).

US Stocks:

Weekly Index Performance

DJIA	11220.96 (-322.59,-2.79%)
S&P 500	1242.31 (-40.52,-3.16%)
S&P MidCap	785.67 (-29.93,-3.67%)
S&P Small Cap	377.45 (-9.90,-2.56%)
NASDAQ Comp	2255.88 (-111.64,-4.72%)
Russell 2000	718.85 (-20.65,-2.79%)

Market Indicators

Strong Sectors: Financials, Consumer Goods, Consumer Services
Weak Sectors: Basic Materials, Oil & Gas, Technology
NYSE Advance/Decline: 1,184 / 2,097
NYSE New Highs/New Lows: 83 / 259
AAII Bulls/Bears: 37.0% / 43.2%

The falling price of oil was not enough to prevent the stock market from poor performance during this holiday-shorten week. Fear of a global economic slowdown and rumors of hedge-fund liquidations led the Dow to have its third worst one-day drop of 3% on Thursday. **Merrill Lynch** shares were down almost 6% last week after Goldman Sachs downgraded the stock on the likelihood of more write-downs. Both **Fannie Mae** and **Freddie Mac** plunged about 20% in after hours trading Friday as investors feared a government investment would seriously dilute their stake. **Northwest Airlines** finished the week up almost 11% as oil continued to drop, boosting airline stocks. **Arch Coal** finished the week down about 20% as the recent pullback in energy prices hit the entire coal sector. Shares of **Corning** fell almost 19% after it cut its 3rd quarter guidance and its stock was downgraded. **Sandisk** shares advanced almost 22% for the week after Samsung Electronics said that it was exploring options to hook up with the flash memory maker. **Regions Financial** shares advanced almost 20% after regulators said that it was strong enough to assume $900 million in deposits from the failed Integrity Bank. Crude-oil futures fell to a five-month low of $106 per barrel. Looking ahead to the coming week, reports on jobless claims, pending home sales, consumer credit and exports all could contribute to a farther slide in stocks if there are any unexpected negative surprises.