

**For The Week Ended December 11, 2009**  
**Weekly Market Commentary & Developments**

**US Economy and Credit Markets:**
**Yields and Weekly Changes:**

<b>3 Mo. T-Bill</b>	0.02 (-01 bps)	<b>GNMA (30 Yr) 6% Coupon:</b> 106-25/32 (1.99%)
<b>6 Mo. T-Bill</b>	0.15 (-01 bps)	<b>Duration:</b> 3.04 years
<b>1 Yr. T-Bill</b>	0.30 (-02 bps)	<b>30-Year Insured Revs:</b> 155.7% of 30 Yr. T-Bond
<b>2 Yr. T-Note</b>	0.80 (-03 bps)	<b>Bond Buyer 40 Yield:</b> 5.36% (-03 bps)
<b>3 Yr. T-Note</b>	1.30 (-01 bps)	<b>Crude Oil Futures:</b> 69.65 (-6.10)
<b>5 Yr. T-Note</b>	2.24 (unch.)	<b>Gold Futures:</b> 1115.00 (-47.60)
<b>10 Yr. T-Note</b>	3.54 (+07 bps)	<b>Merrill Lynch High Yield Indices:</b>
<b>30 Yr. T-Bond</b>	4.49 (+09 bps)	<b>BB, 7-10 Yr.</b> 7.85% (-10 bps)
		<b>B, 7-10 Yr.</b> 9.08% (-07 bps)

Treasury prices were mixed for the week, with the benchmark 10-year note and the 30-year bond lower, while prices rose slightly on the short end of the curve. After rising the first two days of the week, the 10-year note declined in price the final three trading sessions. Monday's price increase was driven by Fed Chairman Ben Bernanke's reiterating the commitment to keeping interest rates low. Solid demand at Tuesday's \$40 billion auction of 3-year notes pushed prices higher Tuesday. However, Wednesday's weak auction of 10-year notes drove prices back down, a trend that continued with Thursday's 30-year auction. Prices fell again Friday as both retail sales and consumer confidence beat expectations. Major economic reports (and related consensus forecasts) for next week include: Tuesday: November Producer Price Index (0.8%, less Food & Energy 0.2%) and November Industrial Production (0.5%) and Capacity Utilization (71.1%); Wednesday: November Consumer Price Index (0.4%, less Food & Energy 0.1%), 3Q Current Account Balance (-\$108.0 billion), November Housing Starts (578,000), and FOMC Rate Decision (unch.); and Thursday: Initial Jobless Claims (465,000), November Leading Indicators (+0.7%), and December Philadelphia Fed report (16.0).

**US Stocks:**
**Weekly Index Performance**

<b>DJIA</b>	10471.50 (+82.60,+0.8%)
<b>S&amp;P 500</b>	1106.41 (+0.43,+0.0%)
<b>S&amp;P MidCap</b>	705.94 (+3.80,+0.5%)
<b>S&amp;P Small Cap</b>	317.22 (-0.33,-0.1%)
<b>NASDAQ Comp</b>	2190.31 (-4.04,-0.2%)
<b>Russell 2000</b>	600.37 (-2.42,-0.4%)

**Market Indicators**

<b>Strong Sectors:</b>	Utilities, Telecomm Svcs, Discretionary
<b>Weak Sectors:</b>	Financials, Energy, Materials
<b>NYSE Advance/Decline:</b>	1,787 / 1,381
<b>NYSE New Highs/New Lows:</b>	462 / 14
<b>AAll Bulls/Bears:</b>	42.7% / 35.4%

US stocks were little changed last week as economic and corporate news flow offered both positive and negative data points. Economic data leaned toward the positive side as jobless claims hit levels last seen a year ago and the trade deficit narrowed. The dollar firmed in follow-up to the prior Friday's employment report while gold and oil fell. The President unveiled a job creation plan focused on infrastructure and green jobs. Senate Democrats changed course and dropped the public option in favor of a plan run by non-profits. Managed care shares were boosted by the announcement. **FedEx** raised its 2Q outlook on improving volumes. **McDermott** shares surged following plans to split into two publically traded companies in order to maintain eligibility for government contracts. **MetLife** issued upbeat guidance for 2010 at its annual analyst day. In contrast, **3M** issued a cautious 2010 outlook disappointing some investors. **McDonald's** shares fell following disappointing November same-store sales. **Kroger** reported EPS below forecasts and lowered forward guidance. **Texas Instruments** fell despite reiterating its sales forecast during its mid quarter update as analysts were expecting more. **AOL** was officially spun-off from **Time Warner**. Looking ahead, the coming week offers a handful of closely watched earnings reports along with data on inflation. **Best Buy**, **Nike** and **Oracle** are among those reporting this week. In the absence of data to the contrary, equities are likely to see further gains in the coming weeks as data continues to point toward improving economic conditions.