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For The Week Ended February 6, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.27 (+05 bps)	**GNMA (30 Yr) 7% Coupon:**	104-28/32 (4.27%)
6 Mo. T-Bill	0.43 (+09 bps)	**Duration:**	2.91 years
1 Yr. T-Bill	0.52 (+05 bps)	**30-Year Insured Revs:**	192.0% of 30 Yr. T-Bond
2 Yr. T-Note	0.98 (+04 bps)	**Bond Buyer 40 Yield:**	5.66% (-07 bps)
3 Yr. T-Note	1.42 (+09 bps)	**Crude Oil Futures:**	40.03 (-1.65)
5 Yr. T-Note	1.96 (+08 bps)	**Gold Futures:**	912.00 (-15.30)
10 Yr. T-Note	2.98 (+14 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	3.69 (+09 bps)	**BB, 7-10 Yr.**	11.67% (+35 bps)
		B, 7-10 Yr.	13.96% (-97 bps)

After a week of mixed trading, Treasuries ultimately declined for the second week in a row across the yield curve. On Monday, prices were up as investors returned to the market looking for bargains. Concerns over the amount of new debt supply required to finance the pending economic stimulus drove Treasuries lower on Tuesday and then again on Wednesday as the Fed said it would auction $67 billion in notes and bonds next week. Anticipation of Friday's employment report drove Treasuries higher on Thursday. Despite a larger than forecast drop in employment, stocks rallied on Friday and investors diverted from the safe haven of Treasuries. Personal Income and Personal Spending were down 0.20% and 1.0% vs. the respective forecast of -0.40% and -0.90%. December Factory Orders were down 3.9% against the forecast of -3.2%. On Friday the Non-Farm Payroll report showed a decline of 598,000 vs. the estimate of -540,000 and the Unemployment Rate increased to 7.6% vs. the estimate of 7.5%. Economic reports next week include: Tuesday: Wholesale Inventories (-0.70%), Wednesday: Trade Balance (-$36.0 billion), Thursday: Advance Retail Sales (-0.80%), Initial Jobless Claims (610,000), and Business Inventories (-0.90%), Friday: University of Michigan Consumer Confidence (61.0).

US Stocks:

Weekly Index Performance

DJIA	8280.59 (279.73,3.5%)
S&P 500	868.60 (42.72,5.2%)
S&P MidCap	530.58 (31.90,6.4%)
S&P Small Cap	248.09 (13.77,5.9%)
NASDAQ Comp	1591.71 (115.29,7.8%)
Russell 2000	470.70 (27.17,6.1%)

Market Indicators

Strong Sectors: Technology, Materials, Financials
Weak Sectors: Consumer Staples, Industrials, Utilities
NYSE Advance/Decline: 2,243 / 970
NYSE New Highs/New Lows: 14 / 231
AAII Bulls/Bears: 24.6% / 44.0%

U.S. stocks gained for the first time in five weeks as investors bid up shares ahead of this week's likely vote on a new stimulus bill and the unveiling of the Treasury's plan to deal with the banking crisis. Financial shares helped lead the charge late in the week as rumors about the Treasury plan circulated. Economic data for the week offered some positive data points to go with dour news on the employment front. Pending home resales and ISM Manufacturing were better than expected, while jobless claims hit a 34 year high and the unemployment rate hit a 16 year high. January same-store retail sales showed year-over-year declines though within expectations. **Wal-Mart** reported a small gain in sales and will only give quarterly guidance going forward due to the uncertain environment. Materials stocks posted strong returns led by copper and steel shares. Drug makers **Merck** and **Schering-Plough** reported respectable quarters. Managed care stocks posted solid gains led by strong earnings from **Humana**. Despite forecasting a year-over-year revenue decline of 15-20% for the current quarter, **Cisco** shares gained after reporting above consensus earnings. **Visa** and **MasterCard** both reported results ahead of forecasts. Looking ahead, progress on President Obama's stimulus package and the reaction to the Treasury's plan for stabilizing the banking sector will likely drive the action this week. The earnings calendar is growing sparse as we enter the latter stages of fourth quarter reporting. Confidence that policy makers have their arms around our economic problems and a viable plan to tackle them could lead to a renewed interest in equities. The sustainability of any advance will depend on the plan bringing lasting stabilization to the banking and housing sectors.