

For The Week May 1, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

| | | |
|----------------------|----------------|--|
| 3 Mo. T-Bill | 0.14 (+05 bps) | GNMA (30 Yr) 6% Coupon: 104-9/32 (3.42%) |
| 6 Mo. T-Bill | 0.28 (-01 bps) | Duration: 2.99 years |
| 1 Yr. T-Bill | 0.45 (-02 bps) | 30-Year Insured Revs: 165.6% of 30 Yr. T-Bond |
| 2 Yr. T-Note | 0.90 (-04 bps) | Bond Buyer 40 Yield: 5.40% (+02 bps) |
| 3 Yr. T-Note | 1.35 (unch.) | Crude Oil Futures: 52.89 (+1.27) |
| 5 Yr. T-Note | 2.01 (+08 bps) | Gold Futures: 885.60 (-26.50) |
| 10 Yr. T-Note | 3.15 (+17 bps) | Merrill Lynch High Yield Indices: |
| 30 Yr. T-Bond | 4.01 (+20 bps) | BB, 7-10 Yr. 11.74% (+82 bps) |
| | | B, 7-10 Yr. 13.69% (-32 bps) |

Treasury prices were mixed for the week, with prices once again lower for longer maturities. The increase in yield for the 10-year note marked its sixth straight week of declines in price, fueled by speculation that the worst of the recession may be over. Treasuries were higher Monday on fears that the swine flu outbreak would slow the global economic recovery. Prices fell Tuesday on a strong auction of five-year notes. The yield on the 10-year note hit its highest mark since November as prices declined again Wednesday and Thursday as the Fed affirmed its plans to continue buying Treasuries, mortgage bonds, and housing agency debt. Prices declined again Friday as the rate of decline in the ISM index slowed and consumer sentiment rose, providing more evidence that the worst of the economic crisis has passed. Major economic reports (and related consensus forecasts) for next week include: Tuesday: April ISM Non-Manufacturing Composite (42.0); Thursday: 1Q Preliminary Nonfarm Productivity (0.9%) and Unit Labor Costs (2.8%), Initial Jobless Claims (635,000), and March Consumer Credit (-\$3.8 billion); and Friday: April Employment Report, including Change in Nonfarm Payrolls (-610,000), Unemployment Rate (8.9%), Average Hourly Earnings (+0.2%), and Average Weekly Hours (33.2), and March Wholesale Inventories (-1.0%).

US Stocks:

Weekly Index Performance

| | |
|--------------------------|--------------------------|
| DJIA | 8212.41 (+136.12,+1.69%) |
| S&P 500 | 877.52 (+11.29,+1.30%) |
| S&P MidCap | 558.87 (+8.55,+1.55%) |
| S&P Small Cap | 260.54 (+4.80,+1.88%) |
| NASDAQ Comp | 1719.20 (+24.91,+1.47%) |
| Russell 2000 | 486.98 (+8.24,+1.72%) |

Market Indicators

| | |
|---------------------------------|--|
| Strong Sectors: | Utilities, Basic Materials, Telecommunications |
| Weak Sectors: | Financials, Consumer Goods, Health Care |
| NYSE Advance/Decline: | 2,165 / 1,009 |
| NYSE New Highs/New Lows: | 22 / 9 |
| AAII Bulls/Bears: | 36.1% / 43.6% |

Both the S&P 500 and the Dow Jones Industrial Average have rebounded nicely since their March 9th lows, up over 30% and 25% respectively. The Nasdaq Composite finished the week in positive territory for the eighth straight time. Investor confidence increased this month as the majority of companies that preannounced earnings in April did so with better than expected earnings. **First Solar** shares soared over 22% for the week after the company reported that their 1st quarter net income tripled on strong revenue and margins. The Chinese-language internet search engine **Baidu's** shares were up over 8% for the week after beating analysts' 1st quarter earnings expectations. The company now controls about 60% of the market in China. UBS raised its price target for **Research In Motion** from \$65 to \$90 a share, which helped the stock finish the week up 5.2%. **Mastercard** shares were trading up mid-week before finishing slightly down for the week after the company reported weak revenue growth on Friday. The company beat expectations for 1st quarter earnings but said it would miss 2009 revenue projections as consumers slow their credit card spending. **Chevron** reported a 64% drop in 1st quarter revenue but still beat analysts' expectations and finished up 1.2% for the week. Crude-oil futures finished the week up 3.8%. Looking ahead to earnings this week, **Sysco** reports its 3rd quarter earnings on Monday followed by **Disney's** 2nd quarter report on Tuesday. Investors will be watching on Thursday as the Fed is due to release the results of the stress tests for the 19 largest US banks.