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For The Week Ended July 24, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.17 (+01 bps)	**GNMA (30 Yr) 6% Coupon:**	104-22/32 (3.88%)
6 Mo. T-Bill	0.26 (unch.)	**Duration:**	3.88 years
1 Yr. T-Bill	0.41 (-03 bps)	**30-Year Insured Revs**:	152.3% of 30 Yr. T-Bond
2 Yr. T-Note	1.00 (+02 bps)	**Bond Buyer 40 Yield**:	5.60% (+01 bps)
3 Yr. T-Note	1.55 (-01 bps)	**Crude Oil Futures**:	68.10 (+4.74)
5 Yr. T-Note	2.52 (+02 bps)	**Gold Futures**:	951.60 (+15.00)
10 Yr. T-Note	3.65 (unch.)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.53 (-01 bps)	**BB, 7-10 Yr.**	9.46% (-38 bps)
		B, 7-10 Yr.	11.65% (-45 bps)

Treasury yields were mixed on the week and closed little changed from their week-opening levels. Prices were higher Monday in the face of large corporate issuance. Tuesday saw Yields decline as prices rose following Fed Chairman Ben Bernanke saying he expected inflation to remain moderate through 2011. Treasurys were mixed Wednesday, with longer maturities generally lower. Yields were sharply higher Thursday after the Treasury announced that it will auction at least $205 billion in debt this week; the massive supply was the leading factor in lower prices. Yields rose slightly to close the week as the upcoming supply continued to weigh on prices. There was little significant economic news on the week, although existing home sales rose for the third straight month. Major economic reports (and related consensus forecasts) for next week include: Monday: June New Home Sales (352,000); Wednesday: June Durable Goods Orders (-0.6%, ex Transportation 0.0%) and Fed's Beige Book released; Thursday: Initial Jobless Claims (580,000); and Friday: 2Q Actual Gross Domestic Product QoQ (-1.5%, Price Index 1.0%); 2Q Employment Cost Index (0.3%), and July Chicago Purchasing Manager Index (43.0).

US Stocks:

Weekly Index Performance

DJIA	9093.24 (+349.30,+4.0%)
S&P 500	979.26 (+38.88,+4.1%)
S&P MidCap	621.70 (+32.70,+5.6%)
S&P Small Cap	290.96 (+14.21,+5.1%)
NASDAQ Comp	1965.96 (+79.35,+4.2%)
Russell 2000	548.46 (+29.24,+5.6%)

Market Indicators

Strong Sectors: Materials, Energy, Utilities
Weak Sectors: Staples, Financials, Technology
NYSE Advance/Decline: 2,699 /491
NYSE New Highs/New Lows: 22 /69
AAII Bulls/Bears: 37.6% / 42.4%

U.S. stocks added to recent gains last week as earnings continued to come in ahead of forecasts and economic data was skewed to the positive side. With roughly 40% of the S&P 500 having reported earnings, companies beating expectations are outpacing those missing earnings by about a 3:1 margin. Cautiously optimistic comments from Fed Chairman Bernanke in testimony on Capitol Hill briefly stalled the rally on Tuesday though stocks still finished the day with gains. Even revenue disappointments at tech bellwethers **Microsoft** and **Amazon.com** late in the week could not derail the rally. Troubled small business lender **CIT** received $3 billion in rescue financing early in the week bringing some relief to credit markets though bankruptcy risk remains. **Apple** reported another solid quarter on strong iPhone and Mac sales. **eBay** reported better than expected results as well. **Caterpillar** shares surged on strong earnings results. Bank shares lagged as larger than expected credit write-downs weighed on a number of firms. **Morgan Stanley's** earnings failed to keep up with the high bar set by rival **Goldman Sachs**. Biotech shares were strong on the week due to both positive product news flow and strong earnings. In merger news, **Bristol-Myers** will pay $2.4 billion for **Medarex** as it attempts to bolster its pipeline. Looking ahead, the coming week offers a full calendar on both the earnings and economic fronts. While most companies have been reluctant to offer optimistic forecasts for the remainder of the year, investors have become increasingly comfortable with that scenario in the last two weeks. Equities could see more gains if investors continue to focus on the positive data points in anticipation of a firming economy in the coming months.