

**For The Week Ended July 31<sup>st</sup>, 2009**  
**Weekly Market Commentary & Developments**

**US Economy and Credit Markets:**

**Yields and Weekly Changes:**

<b>3 Mo. T-Bill</b>	0.17 (unch.)	<b>GNMA (30 Yr) 6% Coupon:</b> 105-00 (3.69%)
<b>6 Mo. T-Bill</b>	0.24 (-01 bps)	<b>Duration:</b> 3.30 years
<b>1 Yr. T-Bill</b>	0.46 (+03 bps)	<b>30-Year Insured Revs:</b> 162.2% of 30 Yr. T-Bond
<b>2 Yr. T-Note</b>	1.11 (+11 bps)	<b>Bond Buyer 40 Yield:</b> 5.55% (-05 bps)
<b>3 Yr. T-Note</b>	1.58 (+03 bps)	<b>Crude Oil Futures:</b> 69.09 (+1.04)
<b>5 Yr. T-Note</b>	2.51 (-01 bps)	<b>Gold Futures:</b> 952.20 (-0.90)
<b>10 Yr. T-Note</b>	3.48 (-17 bps)	<b>Merrill Lynch High Yield Indices:</b>
<b>30 Yr. T-Bond</b>	4.29 (-24 bps)	<b>BB, 7-10 Yr.</b> 8.92% (-53 bps)
		<b>B, 7-10 Yr.</b> 10.79% (-85 bps)

Treasury prices were mixed on the week with longer dated maturities ending higher and shorter dated maturities lower. Treasury prices were lower Monday ahead of additional government supply coming to market this week. Treasury prices were mixed Tuesday and Wednesday as maturities in the 2 to 5 year band fell as a result of disappointing demand for the 2-year and 5-year note auctions while prices of longer dated maturities gained. Longer dated maturities continued higher Thursday and through Friday after a successful 7-year note auction calmed investors. June New Home Sales were reported Monday increasing 11.0% to an annual rate of 384,000 vs. the consensus expectation of 352,000. Durable Goods Orders fell 2.5% in June vs. the survey estimate of -0.60%. Excluding Transportation, Durable Goods Orders rose 1.1% vs. the expectation of no change. Second Quarter annualized GDP was reported Friday at -1.0% against the survey estimate of -1.5%. Major economic reports (and related consensus forecasts) for next week include: Tuesday: June Personal Income (-1.0%), June Pending Home Sales (0.60%); Wednesday: June Factory Orders (-0.10%); Friday: July Change in Nonfarm Payrolls (-340,000), and the July Unemployment Rate (9.6%).

**US Stocks:**

**Weekly Index Performance**

<b>DJIA</b>	9171.61 (+78.37,+0.9%)
<b>S&amp;P 500</b>	987.48 (+8.22,+0.8%)
<b>S&amp;P MidCap</b>	628.05 (+6.35,+1.0%)
<b>S&amp;P Small Cap</b>	295.73 (+4.77,+1.6%)
<b>NASDAQ Comp</b>	1978.50 (+12.54,+0.6%)
<b>Russell 2000</b>	556.71 (+8.25,+1.5%)

**Market Indicators**

<b>Strong Sectors:</b> Financials, Industrials, Basic Materials
<b>Weak Sectors:</b> Oil & Gas, Utilities, Technology
<b>NYSE Advance/Decline:</b> 2,192 / 989
<b>NYSE New Highs/New Lows:</b> 248 / 10
<b>AAll Bulls/Bears:</b> 47.7% / 31.4%

The major markets had a commendable week considering the negative revisions made to GDP for the first quarter and several disappointing earnings reports made during the week. The Dow advanced 0.9%, the S&P 500 gained 0.8% and the Nasdaq rose 0.6%. Since March, the U.S. markets have presented the largest gain in decades, illustrating how horrendous the markets were four months ago. Earnings reports continued to drive the direction of the market with 146 S&P 500 companies reporting quarterly results during the week. **Disney** shares finished the week down over 4% after reporting disappointing second quarter top-line results. **Chevron's** shares were up 1.5% for the week even though the company posted a 71% decline in quarterly profits. Other energy companies reported similar earnings drops as continued weak demand for refined products and lower commodity prices hurt profits. Shares of **Mastercard** and **Visa** jumped on Thursday after both reported quarterly earnings that exceeded analysts' expectations. Both companies attributed cost-cutting measures as key to improving results as consumer spending was expected to fall during the quarter. **Automatic Data Processing** shares pared early week gains but still finished the week up almost 1% after reporting a disappointing earnings forecast on Thursday. **Dow Chemical** shares finished the week up almost 5% after beating profit expectations on Thursday. Crude oil was up 2% for the week. Looking ahead, investors will be awaiting the Labor Department's nonfarm payroll data that is due to be released on Friday.