

For The Week Ended August 28, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.12 (-02 bps)	GNMA (30 Yr) 6% Coupon: 105-8/32 (3.73%)
6 Mo. T-Bill	0.23 (-01 bps)	Duration: 3.35 years
1 Yr. T-Bill	0.42 (+02 bps)	30-Year Insured Revs: 167.7% of 30 Yr. T-Bond
2 Yr. T-Note	1.00 (-08 bps)	Bond Buyer 40 Yield: 5.33% (-09 bps)
3 Yr. T-Note	1.52 (-11 bps)	Crude Oil Futures: 72.88 (-1.01)
5 Yr. T-Note	2.44 (-11 bps)	Gold Futures: 955.50 (+2.30)
10 Yr. T-Note	3.43 (-12 bps)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	4.19 (-18 bps)	BB, 7-10 Yr. 8.88% (-15 bps)
		B, 7-10 Yr. 10.87% (-10 bps)

Treasury yields were generally lower on the week as prices increased each day with the exception of Thursday. Thursday's decline in prices came as stocks rallied reducing the flight-to-safety appeal of government securities. July durable goods orders were reported Wednesday to have increased 4.90% vs. the survey estimate of 3.0%. Excluding transportation, orders were up 0.80% near the estimate of 0.90%. New home sales were also reported Wednesday to be up 9.60% in July to a 433,000 annual rate vs. the expectation of 390,000. 2Q2009 GDP was reported Thursday at a -1.0% annual growth rate vs. the expectation of -1.50%. August University of Michigan Consumer Confidence was reported Friday at 65.7 vs. the estimate of 64.3. Major economic reports (and related consensus forecasts) for next week include: Tuesday: August ISM Manufacturing Index (50.5), August Total Vehicle Sales (13.2 million), July Construction Spending (-0.10%) and July Pending Home Sales (1.60%); Wednesday: 2Q Final Nonfarm Productivity (6.40%), 2Q Final Unit Labor Costs (-5.80%) and July Factor Orders (2.20%); Friday: Change in Nonfarm Payrolls (-230,000), Unemployment Rate (9.50%).

US Stocks:

Weekly Index Performance

DJIA	9544.20 (+38.24,+0.4%)
S&P 500	1028.93 (+2.80,+0.3%)
S&P MidCap	663.15 (+3.55,+0.5%)
S&P Small Cap	306.64 (-1.06,-0.3%)
NASDAQ Comp	2028.77 (+7.87,+0.4%)
Russell 2000	579.86 (-1.65,-0.3%)

Market Indicators

Strong Sectors: Financials, Discretionary, Technology
Weak Sectors: Utilities, Materials, Staples
NYSE Advance/Decline: 1,827 / 1,350
NYSE New Highs/New Lows: 247 / 2
AAll Bulls/Bears: 34.0% / 48.5%

U.S stocks posted modest gains last week as economic data continued to show signs of improvement and earnings related news was generally positive. Large cap stocks outperformed small cap stocks while more economically sensitive sectors fared better than their more defensive counterparts. Economic data was decidedly upbeat with durable goods orders, Q2 GDP, new home sales, housing prices and consumer confidence all better than expected. Jobless claims fell though trailed consensus forecasts. **Dell** reported a solid quarter as both revenues and earnings surpassed expectations. **Intel** boosted quarterly revenue estimates citing stronger than expected demand. **Apple** reached an agreement to sell the iPhone in China. Retail related earnings were mostly positive. **Tiffany, Guess, Chico's, Big Lots** and **Dollar Tree** were among those reporting better than expected results. Homebuilder shares gained on the week in response to the positive home sales and pricing data. **Boeing** shares gained after announcing the oft delay 787 Dreamliner will make its first flight by the end of 2009 and first delivery in 2010. The FDIC add 111 banks to its list of trouble institutions bringing the total to 416 and indicating banks still face significant headwinds due to bad credits. In merger news, **Warner Chilcott** agreed to buy **Proctor & Gamble's** prescription drug business for \$3.1 billion. Looking ahead, the coming week features several economic data points, including the August jobs report, though little in the way of earnings news. After failing to react decidedly to the upside off of last week's positive data, stocks could be due for a breather after a historic run off of the March lows as investors debate current valuations against the longer term picture.