

For The Week Ended September 11, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.13 (+01 bp)	GNMA (30 Yr) 6% Coupon: 105-26/32 (3.08%)
6 Mo. T-Bill	0.20 (-02 bps)	Duration: 3.06 years
1 Yr. T-Bill	0.36 (-04 bps)	30-Year Insured Revs: 167.8% of 30 Yr. T-Bond
2 Yr. T-Note	0.89 (-03 bps)	Bond Buyer 40 Yield: 5.15% (-07 bps)
3 Yr. T-Note	1.43 (+01 bps)	Crude Oil Futures: 69.24 (+1.22)
5 Yr. T-Note	2.29 (-06 bps)	Gold Futures: 1006.70 (+11.30)
10 Yr. T-Note	3.34 (-09 bps)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	4.17 (-02 bps)	BB, 7-10 Yr. 8.71% (-15 bps)
		B, 7-10 Yr. 10.62% (-25 bps)

Treasury yields were generally lower on the shortened week which included stronger than expected demand at three Treasury auctions of \$70 billion in notes and bonds. After a stronger than forecast \$38 billion 3-year note auction on Tuesday, prices ended lower on expectations that the demand would not carry through to Wednesday's \$20 billion 10-year auction. Shorter dated Treasuries ended higher on Wednesday after the 10-year auction exceeded expectations; however, the 30-year bond ended lower ahead of Thursday's \$12 billion auction. Thursday's auction again exceeded expectations indicating continuing demand for U.S. Treasuries. July's Trade Balance was reported Thursday at -32.2 billion vs. the estimate of -27.3 billion. July's Wholesale Inventories were down 1.4% vs. the survey estimate of -1.0%. U of M Preliminary Consumer Confidence for September was reported higher than expected at 70.2 vs. the expectation of 67.5. Major economic reports (and related consensus forecasts) for next week include: Tuesday: August PPI (0.80%, -5.3% YoY), August PPI Ex Food & Energy (0.10%, 2.2% YoY), August Advance Retail Sales (1.9%); Wednesday: August CPI (0.30%, -1.7% YoY), August CPI Ex Food & Energy (0.1%, 1.4% YoY), August Industrial Production (0.7%); August Housing Starts (596,000), August Building Permits (580,000); Thursday: September Philadelphia Fed (8.0).

US Stocks:

Weekly Index Performance

DJIA	9605.41 (+164.14,+1.74%)
S&P 500	1042.73 (+26.33,+2.59%)
S&P MidCap	679.41 (+26.06,+3.99%)
S&P Small Cap	311.96 (+11.09,+3.69%)
NASDAQ Comp	2080.90 (+62.12,+3.08%)
Russell 2000	593.59 (+23.09,+4.05%)

Market Indicators

Strong Sectors: Oil & Gas, Basic Materials, Industrials
Weak Sectors: Financials, Health Care, Utilities
NYSE Advance/Decline: 2,631 / 544
NYSE New Highs/New Lows: 343 / 4
AAll Bulls/Bears: 37.3% / 44.0%

September returns turned positive as the major indices' advanced three of the four trading days during the holiday shortened week. Stocks were buoyed early in the week as **Kraft Foods'** made an unfriendly bid for **Cadbury** worth about \$17 billion in cash and stock. Shares of **Apple** climbed just over 1% for the week as co-founder Steve Jobs made his first public appearance in months and JP Morgan upgraded the stock. **FedEx** announced that it sees first and second fiscal quarter earnings beating estimates due to stabilizing fuel costs which caused the shares to rise over 9% for the week. A disappointing fiscal year 2010 earnings forecast caused shares of **Monsanto** to fall 5% for the week. **Church & Dwight** shares fell over 2% for the week after a report was released stating that the company is facing pricing pressure from Procter & Gamble. Credit Suisse raised **Tiffany** to outperform and boosted their price target to \$45 from \$20 which helped the shares finish up over 3% for the week. **General Electric** shares climbed almost 6% after JPMorgan raised its price target by \$5 to \$17. Crude-oil futures finished up almost 2% for the week. Looking ahead to the coming week, the August retail sales report released on Tuesday is arguably the most anticipated report of the week as investors look for positive signs of consumer health. **Best Buy**, **Kroger** and **Adobe** are all due to report quarterly earnings on Tuesday followed by **Oracle** on Wednesday.