

For The Week Ended September 25, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.09 (+02 bps)	GNMA (30 Yr) 6% Coupon: 105-20/32 (3.03%)
6 Mo. T-Bill	0.18 (-01 bps)	Duration: 3.08 years
1 Yr. T-Bill	0.40 (+05 bps)	30-Year Insured Revs: 171.1% of 30 Yr. T-Bond
2 Yr. T-Note	0.98 (-01 bps)	Bond Buyer 40 Yield: 5.03% (-02 bps)
3 Yr. T-Note	1.46 (-09 bps)	Crude Oil Futures: 66.07 (+5.73)
5 Yr. T-Note	2.36 (-09 bps)	Gold Futures: 988.90 (+8.60)
10 Yr. T-Note	3.32 (-14 bps)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	4.09 (-13 bps)	BB, 7-10 Yr. 8.20% (-18 bps)
		B, 7-10 Yr. 10.01% (-13 bps)

Treasury prices were mixed for the week, with yields lower at the long end of the curve as stock prices fell on all major indices. The benchmark 10-year note was little changed to open the week Monday as the market awaited auctions on \$112 billion of two-, five-, and seven-year notes on the week. A strong auction of two-year notes Tuesday pushed prices higher on Tuesday. Prices rose again Wednesday as the Fed announced that it would extend through March its program to buy mortgage-backed securities. A strong auction of seven-year notes and worse-than-expected existing home sales pushed prices higher Thursday. Prices finished off a week of gains Friday, as durable goods orders and new home sales fell short of expectations, although consumer sentiment was strong. Major economic reports (and related consensus forecasts) for next week include: Wednesday: 2Q Actual GDP (annualized) (-1.2%, GDP Price Index 0.0%) and September Chicago Purchasing Manager (52.0); Thursday: August Personal Income (0.1%) and Personal Spending (1.1%), Initial Jobless Claims (535,000), September ISM Manufacturing (54.0, Prices Paid 67.0), and September Total Vehicle Sales (9.55 million); and Friday: September Employment Report, including Change in Nonfarm Payrolls (-180,000), Unemployment Rate (9.8%), Average Hourly Earnings (0.2%), and Average Weekly Hours (33.1), and August Factory Orders (0.5%).

US Stocks:

Weekly Index Performance

DJIA	9665.19 (-155.01,-1.6%)
S&P 500	1044.38 (-23.92,-2.2%)
S&P MidCap	678.31 (-23.22,-3.3%)
S&P Small Cap	314.63 (-8.90,-2.8%)
NASDAQ Comp	2090.92 (-41.94,-2.0%)
Russell 2000	598.94 (-18.94,-3.1%)

Market Indicators

Strong Sectors: Telecomm, Consumer Staples, Health Care
Weak Sectors: Materials, Financials, Consumer Discretionary
NYSE Advance/Decline: 1,103 / 2,071
NYSE New Highs/New Lows: 635 / 5
AAll Bulls/Bears: 39.1% / 44.6%

U.S stocks fell last week for the first time in three weeks as investors took a negative view of the week's economic data. Economic data was mostly below consensus forecasts with disappointing existing home sales and durable goods orders having the most impact on equities. On the positive side, jobless claims declined and consumer confidence continued to rise however it was not enough to overcome the selling. The Fed left rates unchanged as widely expected with expectations for them to remain so in the near-term though they did note economic improvement. **General Mills** reported strong earnings and raised its forecasts citing strong demand and lower commodity prices. **Bed, Bath and Beyond** shares slipped despite in-line results and comp store sales above forecasts. **Research in Motion** shares were battered despite in-line earnings due a disappointing revenue projection for 3Q. **Caterpillar** shares were lower after August sales continued to point toward challenging conditions. Homebuilder shares were weak on disappointing earnings in the group. In merger news, **Dell** offered \$3.9 billion for **Perot Systems** in a bid to expand its services offerings. Looking ahead, the coming week brings to a close the third quarter. Despite last week's pull back, equities are on track to post solid double digit gains for the quarter. September payrolls at the end of the week along with a smattering of earnings will be closely watched by investors. Trading could be directionless in the near-term as investors await more clarity on underlying business trends when earnings season gets underway in a couple of weeks.