

For The Week Ended April 9th, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.14 (-02 bps)	GNMA (30 Yr) 6% Coupon: 107-1/32 (2.95%)
6 Mo. T-Bill	0.22 (-02 bps)	Duration: 3.21 years
1 Yr. T-Bill	0.43 (+02 bps)	30-Year Insured Revs: 146.2% of 30 Yr. T-Bond
2 Yr. T-Note	1.05 (unch.)	Bond Buyer 40 Yield: 5.21% (unch.)
3 Yr. T-Note	1.68 (+08 bps)	Crude Oil Futures: 84.99 (-0.19)
5 Yr. T-Note	2.62 (+03 bps)	Gold Futures: 1161.30 (+36.00)
10 Yr. T-Note	3.88 (+01 bps)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	4.74 (+01 bps)	BB, 7-10 Yr. 7.30% (-01 bps)
		B, 7-10 Yr. 8.60% (-03 bps)

Treasury prices were lower for the week, the third straight week of rising yields for the benchmark 10-year note. Prices declined to open the week ahead of \$82 billion in auctions and reaction to the March employment report pushed prices lower. Prices were higher Tuesday after the minutes of the last Fed meeting revealed that the pledge to keep rates low was dependent on the economic recovery. After a very strong response to an auction of 10-year notes, prices rose again on Wednesday. Prices fell Thursday after the demand for the 30-year bond was weaker than previous auctions during the week. Prices were slightly higher Friday, offsetting some of the losses earlier in the week. Major economic reports (and related consensus forecasts) for next week include: Monday: March Budget Statement (-\$62.0 billion); Tuesday: February Trade Balance (-\$38.5 billion) and March Import Price Index (+1.0%); Wednesday: March Consumer Price Index (+0.1%, Ex Food & Energy +0.1%), March Advance Retail Sales (+1.2%, Less Autos +0.5%), February Business Inventories (+0.4%), and Fed's Beige Book released; Thursday: Initial Jobless Claims (440,000), March Industrial Production (+0.7%) and Capacity Utilization (73.3%), and April Philadelphia Fed report (20.0); and Friday: March Housing Starts (610,000, +6.10%) and April Preliminary U of Michigan Consumer Confidence (75.0).

US Stocks:

Weekly Index Performance

DJIA	10997.35 (+70.28,+0.6%)
S&P 500	1194.37 (+16.27,+1.4%)
S&P MidCap	814.48 (+17.19,+2.2%)
S&P Small Cap	372.41 (+8.99,+2.5%)
NASDAQ Comp	2454.05 (+51.47,+2.1%)
Russell 2000	702.95 (+18.97,+2.8%)

Market Indicators

Strong Sectors:	Financials, Consumer Discretionary, Energy
Weak Sectors:	Health Care, Consumer Staples, Utilities
NYSE Advance/Decline:	2,131 / 1,044
NYSE New Highs/New Lows:	888 / 13
AAII Bulls/Bears:	42.9% / 30.4%

US stocks extended their string of consecutive weekly gains to six as more positive data on the economy and mounting expectations for earnings season encouraged investors to take on risk. On Monday, investors welcomed last week's news of job gains in March but also new data showing non-manufacturing activity grew at the strongest pace in almost four years. **Apple** shares rose Monday and for the week as the company announced it sold over 300,000 iPads on its debut, including pre-orders. On Friday the DJIA briefly passed 11,000 for the first time since late September 2008 before settling back at the close. Retail shares advanced on news same-store sales leapt 9.1% in March assisted by an early Easter. **Target** and **Gap** were among outfits reporting better than expected monthly "comps". **Bed Bath & Beyond** reported quarterly results ahead of expectations and raised earnings guidance. **Chevron's** interim quarterly update was upbeat with the company noting strength in both upstream and downstream activities. **EOG Resources** announced a new shale oil find in the continental US that is expected to significantly boost the company's production. **Massey Energy** shares tumbled as a fatal explosion at a West Virginia coal mine shut production. Financials did well despite a three-day Financial Crisis Inquiry Commission that brought current and former executives and officials to Capitol Hill to testify. **Monsanto** reported a bottom-line miss and trimmed guidance, the result of tougher competition in seeds and insecticides. Looking ahead, Q1 earnings reporting season officially launches this week with **Alcoa's** results due out Monday. **JPMorgan Chase**, **Yum! Brands** and **Intel** are among others to report in the days ahead. Stocks may be due for a breather given their steady recent run-up, but overall the backdrop for the asset class still appears favorable when viewed in the context of competition from alternative classes.