

For The Week Ended April 23, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:
Yields and Weekly Changes:

3 Mo. T-Bill	0.15 (unch.)	GNMA (30 Yr) 6% Coupon: 107-4/32 (2.65%)
6 Mo. T-Bill	0.23 (+01 bps)	Duration: 3.25 years
1 Yr. T-Bill	0.42 (+04 bps)	30-Year Insured Revs: 148.3% of 30 Yr. T-Bond
2 Yr. T-Note	1.06 (+11 bps)	Bond Buyer 40 Yield: 5.14% (-04 bps)
3 Yr. T-Note	1.66 (+12 bps)	Crude Oil Futures: 85.09 (+2.08)
5 Yr. T-Note	2.58 (+11 bps)	Gold Futures: 1153.10 (+16.70)
10 Yr. T-Note	3.80 (+04 bps)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	4.66 (-01 bps)	BB, 7-10 Yr. 7.08% (-03 bps)
		B, 7-10 Yr. 8.40% (+01 bps)

Treasury note prices were lower last week, while the long bond rose slightly. The decline for the benchmark 10-year note broke a three-week string of increases, and was fueled by continued signs of economic recovery and the anticipated auction of a record amount of Treasury debt this week. Among the strong economic news for the week was a very strong durable goods report for March. While overall durable goods orders declined by 1.3% (versus a forecasted increase of 0.2%), when transportation is excluded, orders were up by 2.8% (versus a predicted gain of 0.7%). Essentially all of the overall decline can be attributed to civilian aircraft orders, which are very volatile. Another positive sign from the economy was the 6.8% increase in existing home sales; the median home sale price also increased. A total of \$139 billion in two-, five-, and seven-year notes and five-year inflation protected securities will be auctioned this week. Major economic reports (and related consensus forecasts) for next week include: Tuesday: April Consumer Confidence (53.5); Wednesday: FOMC Rate Decision (0.25%); Thursday: March Initial Jobless Claims (445,000); and Friday: 1Q Advance GDP (Annualized) (+3.4%, Price Index +0.9%), April Chicago Purchasing Manager (60.0), and April Final U of Michigan Confidence (71.0).

US Stocks:
Weekly Index Performance

DJIA	11204.28 (+185.62,+1.7%)
S&P 500	1217.28 (+25.15,+2.1%)
S&P MidCap	849.82 (+29.20,+3.6%)
S&P Small Cap	394.65 (+15.87,+4.2%)
NASDAQ Comp	2530.15 (+48.89,+2.0%)
Russell 2000	741.92 (+27.30,+3.8%)

Market Indicators

Strong Sectors: Energy, Consumer Discretionary, Industrials
Weak Sectors: Health Care, Consumer Staples, Telecomm
NYSE Advance/Decline: 2,478 / 713
NYSE New Highs/New Lows: 807 / 30
AAll Bulls/Bears: 38.1% / 34.3%

US stocks posted strong gains last week in hitting new year-to-date highs as earnings surprised to the upside. With approximately 30% of the S&P 500 having reported, upside surprises are outpacing downside surprises by about a 4:1 margin. **Apple** shares surged after strong iPhone sales led to earnings and revenues handily above forecasts. **Goldman Sachs** reported strong earnings though they were overshadowed by the SEC fraud charges. **Morgan Stanley** surprised to the upside on strong fixed income results. **Citigroup** was helped by lower than expected loan losses as was **Capital One Financial**. **American Express** gained on strong earnings and noted increased spending by its customers. **Hershey** shares rose on strong earnings led by expanding gross margins. **Boeing** shares gained on earnings helped by improving margins in its commercial unit. **Ely Lilly** and **Baxter** noted health care reform costs in reducing forward guidance. **Amazon.com** and **eBay** both fell on disappointing Q2 guidance. **Microsoft** and **IBM** both beat on the bottom line though their shares fell following earnings as investors were looking for more. **QUALCOMM** shares fell despite pre-announcing positive earnings a couple of weeks ago as investors were unimpressed with their outlook. **Nokia** shares plunged on lower margins due to competition. Homebuilder shares surged on stronger than expected March new home sales as buyers rushed to take advantage of the expiring home buyer tax credit. In merger news, **CenturyTel** agreed to pay almost \$10 billion for **Qwest**. Looking ahead, earnings will continue to be the focus this week as roughly 1/3 of the S&P 500 is due to report. Expectations are for recent earnings trends to continue which should lend support for further equity gains.