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For The Week Ended June 4th, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.12 (-01 bps)	**GNMA (30 Yr) 6% Coupon:** 108-22/32 (1.48%)	
6 Mo. T-Bill	0.20 (-01 bps)	**Duration:** 3.15 years	
1 Yr. T-Bill	0.31 (-01 bps)	**30-Year Insured Revs**: 166.8% of 30 Yr. T-Bond	
2 Yr. T-Note	0.72 (-04 bps)	**Bond Buyer 40 Yield**: 5.10% (+03 bps)	
3 Yr. T-Note	1.15 (-05 bps)	**Crude Oil Futures**: 70.94 (-3.12)	
5 Yr. T-Note	1.98 (-04 bps)	**Gold Futures**: 1220.40 (+7.50)	
10 Yr. T-Note	3.20 (-03 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.13 (-06 bps)	**BB, 7-10 Yr.**	7.85% (-03 bps)
		B, 7-10 Yr.	9.34% (+07 bps)

Treasury prices were higher for the week as the May employment report fell below expectations and the debt crisis in Europe continued to spread. While nonfarm payrolls increased by 431,000 in May, the March and April figures were revised downward by a total of 22,000, for a net increase of 409,000 for the month. Consensus expectations had been for an increase of 536,000. In addition, 410,000 of the added jobs were temporary U.S. census workers. The unemployment rate fell to 9.7% from 9.9%. As the European debt crisis expanded to Hungary, investors sought the safety of Treasuries. The ISM Manufacturing index declined slightly in May, but it still showed expansion in the sector. ISM's Non-Manufacturing index was steady in May, but again signaled expansion. Major economic reports (and related consensus forecasts) for next week include: Monday: April Consumer Credit (-$2.0 billion); Wednesday: April Wholesale Inventories (+0.5%) and Fed's Beige Book released; Thursday: April Trade Balance (-$41.0 billion), Initial Jobless Claims (448,000), and May Monthly Budget Statement (-$140.0 billion); and Friday: May Advance Retail Sales (+0.2%, Less Autos +0.1%), June Preliminary University of Michigan Consumer Confidence (74.6), and April Business Inventories (+0.5%).

US Stocks:

Weekly Index Performance

DJIA	9931.97 (-204.66,-2.0%)
S&P 500	1064.88 (-24.53,-2.3%)
S&P MidCap	736.27 (-26.49,-3.5%)
S&P Small Cap	339.53 (-13.78,-3.9%)
NASDAQ Comp	2219.17 (-37.87,-1.7%)
Russell 2000	633.97 (-27.64,-4.2%)

Market Indicators

Strong Sectors: Technology, Telecom Svcs., Consumer Staples
Weak Sectors: Materials, Industrials, Financials
NYSE Advance/Decline: 847 / 2,352
NYSE New Highs/New Lows: 92 / 66
AAII Bulls/Bears: 37.1% / 40.9%

US stocks fell for the fourth week in the last six, weighed down by heavy losses that came Friday in the wake of a much weaker than expected monthly jobs report and news out of Hungary that country faces sovereign debt troubles. Hopes for a significant boost to payrolls from private sector hiring were dashed as only 41,000 new jobs were created with the headline number of 431,000 inflated by temporary census hiring. Investors took no notice of the increase in average weekly earnings contained in the report. Friday's losses left the DJIA below 10,000 and the S&P 500 fractionally above its 2010 low point. Crude oil prices fell 3.3% for the week. Copper prices tumbled to 2010 lows. Investors looking for some resolution to the oil spill in the Gulf of Mexico got only tentative confirmation from **BP** the leaking well had been successfully capped. Defensive sectors fared well as investors retreated from risk, though technology shares did best overall. Retailers posted slower monthly sales growth in May. Specialty retailer **Aeropostale** bested expectations for same-store sales, as did discounter **Ross Stores**. **Nordstrom** fell short of sales estimates. **Family Dollar** saw positive same-store sales and the company boosted earnings guidance. US auto sales in May continued an impressive recovery. **Dell** shares stood strong as CEO Michael Dell stated he has considered taking the company private. **Amgen** shares rose smartly after the company won approval sooner than expected from the FDA for a new osteoporosis treatment. Looking ahead, with the calendar of economic data and corporate earnings relatively light in the coming week, headline news flow may continue as the key factor affecting trading in the days ahead, and daily volatility could remain elevated.