

For The Week Ended August 6, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:
Yields and Weekly Changes:

3 Mo. T-Bill	0.14 (unch)	GNMA (30 Yr) 6% Coupon: 109-14/32 (0.96%)
6 Mo. T-Bill	0.18 (-01 bps)	Duration: 3.11 years
1 Yr. T-Bill	0.24 (-03 bps)	30-Year Insured Revs: 170.1% of 30 Yr. T-Bond
2 Yr. T-Note	0.49 (-04 bps)	Bond Buyer 40 Yield: 5.06% (-04 bps)
3 Yr. T-Note	0.75 (-07 bps)	Crude Oil Futures: 80.95 (+2.00)
5 Yr. T-Note	1.50 (-09 bps)	Gold Futures: 1205.50 (+23.80)
10 Yr. T-Note	2.81 (-08 bps)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	3.99 (+01 bps)	BB, 7-10 Yr.: 6.94% (-11 bps)
		B, 7-10 Yr.: 8.40% (-08 bps)

Treasury prices were mixed early in the week before ultimately ending generally higher as investors processed new earnings reports and economic data throughout the week. Prices were lower on Monday as positive earnings reports from BNP Paribas and HSBC Holdings provided investors with confidence to shift towards riskier assets. Prices returned higher Tuesday on speculation the Fed may provide additional stimulus while June personal spending was reported flat vs. the expectation of +0.10%, June factory orders were -1.20% vs. the estimate of -0.50%, and June pending home sales were -2.60%, vs. the estimate of +0.10%. Prices ended lower on Wednesday as the ISM non-manufacturing index was reported higher than expectations at 54.3 vs. the estimate of 53.0. Prices ended the week higher as weaker than expected jobless figures were reported Thursday and July non-farm payrolls were reported down 131,000 on Friday vs. the expectation of -65,000. Major economic reports (and related consensus forecasts) for next week include: Tuesday: 2nd Quarter Non-farm Productivity (0.20%), 2nd Quarter Unit Labor Costs (1.50%), FOMC Rate Decision (0.25%); Wednesday: June Trade Balance (-\$42.1B); Thursday: July Import Price Index (0.40% MoM, 5.30% YoY); Friday: July CPI (0.20% MoM, 1.20% YoY), July CPI Ex Food and Energy (0.10% MoM, 0.90% YoY), July Advance Retail Sales (0.50%), July Retail Sales Less Autos (0.30%), August Preliminary U of M Consumer Confidence (69.5%), June Business Inventories (0.20%).

US Stocks:
Weekly Index Performance

DJIA	10653.56 (187.62,1.79%)
S&P 500	1121.64 (20.05,1.82%)
S&P MidCap	771.93 (11.66,1.53%)
S&P Small Cap	347.44 (-1.06,-0.30%)
NASDAQ Comp	2288.47 (33.77,1.50%)
Russell 2000	650.68 (-0.21,-0.03%)

Market Indicators

Strong Sectors:	Health Care, Oil & Gas, Basic Materials
Weak Sectors:	Financials, Consumer Goods, Consumer Services
NYSE Advance/Decline:	2,207 / 959
NYSE New Highs/New Lows:	570 / 48
AAll Bulls/Bears:	30.4% / 38.2%

The Dow Jones Industrial Average and the S&P 500 both finished the week up 1.8% after investors sent stocks down on Friday after the release of a disappointing Labor Department employment report. The unemployment rate remained at 9.5% last month and even though nonfarm payrolls fell 131,000, the private sector added 71,000 jobs as the economy showed signs of growth albeit slow. **Hewlett-Packard** pre-announced strong third quarter earnings with revenue up over 11% after the close on Friday. However, the shares traded down almost 10% in after hours trading after the CEO resigned following an investigation by the board that determined he violated business conduct policies. Shares of **Research In Motion** fell over 7% for the week after several countries decided to block certain Blackberry services. **Transocean** shares climbed over 23% for the week after a positive earnings report and disclosure of a pact with BP that it claims could protect it from liabilities and fines in connection with the Deepwater Horizon explosion. **Archer Daniels Midland's** shares rose over 10% as the price of wheat continued to rise and the belief that the company stands to profit from Russia's ban on wheat exports. Shares of **Aeropostale** fell over 12% as the company's revenue growth failed to meet investor's expectations. Investors sent shares of **Owens Corning** down almost 11% after the company reported disappointing second quarter earnings. Looking ahead to the coming week, investors will be watching when the Fed meets on Tuesday to see if any action is taken amid increasing concerns of deflation.