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For The Week Ended October 23rd, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.05 (unch.)	**GNMA (30 Yr) 6% Coupon:** 105-23/32 (2.88%)
6 Mo. T-Bill	0.16 (+02 bps)	**Duration:** 3.13 years
1 Yr. T-Bill	0.38 (+05 bps)	**30-Year Insured Revs**: 164.1% of 30 Yr. T-Bond
2 Yr. T-Note	1.00 (+06 bps)	**Bond Buyer 40 Yield**: 5.17% (+03 bps)
3 Yr. T-Note	1.56 (+07 bps)	**Crude Oil Futures**: 80.03 (+1.45)
5 Yr. T-Note	2.44 (+10 bps)	**Gold Futures**: 1054.50 (+3.80)
10 Yr. T-Note	3.48 (+02 bps)	**Merrill Lynch High Yield Indices:**
30 Yr. T-Bond	4.29 (+06 bps)	**BB, 7-10 Yr.** 7.98% (-09 bps)
		B, 7-10 Yr. 9.63% (-06 bps)

After rising the first two days of the week, the price of the benchmark 10-year Treasury fell on each of the final three days of the week, resulting in a third straight weekly decline. Prices were driven up Monday when the Fed acknowledged that it was testing repurchase operations as a method of tightening monetary policy but did not indicate that it would be used soon. Declining wholesale prices and weak home-building numbers helped increase prices again on Tuesday. Prices were lower Wednesday after three straight days of gains. Prices declined Thursday as the $123 million in auctions was announced for the week, more than had been expected. Speculation that the Fed may begin to raise rates sooner than expected influenced prices lower Friday. Major economic reports (and related consensus forecasts) for next week include: Wednesday: September Durable Goods Orders (+1.0%, Ex Transportation +0.8%) and September New Home Sales (440,000); Thursday: 3Q Advance GDP QoQ (Annualized) (+3.2%, Price Index +1.4%) and Initial Jobless Claims (521,000); Friday: September Personal Income (0.0%) and Personal Spending (-0.5%), October Chicago Purchasing Manager Index (48.5), and October Final U of Michigan Consumer Confidence (70.0).

US Stocks:

Weekly Index Performance

DJIA	9972.18 (-23.73,-0.2%)
S&P 500	1079.60 (-8.08,-0.7%)
S&P MidCap	701.33 (-6.54,-0.9%)
S&P Small Cap	317.65 (-7.73,-2.4%)
NASDAQ Comp	2154.47 (-2.33,-0.1%)
Russell 2000	600.86 (-15.32,-2.5%)

Market Indicators

Strong Sectors: Technology, Telecom Svcs., Consumer Discretionary
Weak Sectors: Health Care, Materials, Industrials
NYSE Advance/Decline: 1,307 / 1,849
NYSE New Highs/New Lows: 713 / 8
AAII Bulls/Bears: 40.5% / 35.7%

US stocks ended lower for the week in back-and-forth trading as the market ultimately failed to gain traction from several high-profile blowout earnings reports. Economic news was mixed – for example, monthly existing home sales surged past expectations but weekly jobless claims climbed - and while companies on the whole continued to post earnings ahead of expectations, it appeared the bar had been ratcheted higher for positive earnings to lift stocks. Crude oil's 1.9% weekly advance to above $80/bbl added to investors' unease. **JPMorgan Chase** and **Goldman Sachs** once again stood out among reporting Financials with profits boosted by fixed-income trading. **Morgan Stanley** returned to profitability. Other banks posted mixed results and the muted share price performance reflected worries over mounting credit losses and government actions on executive pay. Tech earnings were the week's highlight. **Apple** shares surged past $200 as results were exceptionally strong. **Microsoft** came in ahead of expectations despite lower revenues and profits. **Amazon**'s blowout results and rosy outlook sent its shares soaring 27% on Friday to all-time highs. Elsewhere, **Caterpillar** projected 2010 revenues up 10% to 25%, exciting investors. **UnitedHealth Group** reported results ahead of expectations. Health Care shares continued to struggle while Congress works toward the passage of Health Care reform. **McDonald's** reported good results and positive same-store sales around the globe. **AT&T**'s results were helped by new iPhone subscribers. **Wal-Mart** made cautionary statements about holiday spending but they expect sales to rebound next year. Looking ahead, the coming week will see no let-up in corporate earnings reports with 150 S&P 500 companies set to release results. Prominent among those reporting will be major Energy names. The initial 3rd quarter GDP report is due out Thursday, and is much anticipated for its likely positive print. Stocks may continue to mark time until the corporate sector demonstrates more evidence of broad-based top-line growth.