

### Weekly Market Update

For the week ended September 29, 2006

US Stocks	
Weekly Index Performance	
DJIA:	11679.07 (+170.97,+1.5%)
S&P 500:	1335.85 (+21.07,+1.6%)
S&P MidCap:	754.25 (+11.56,+1.6%)
S&P SmallCap:	371.78 (+2.70,+0.7%)
Nasdaq Comp:	2258.43 (+39.50,+1.8%)
Russell 2000:	725.59 (+6.96,+1.0%)
Market Indicators	
Strong Sectors:	Energy, Industrials, Technology
Weak Sectors:	Telecom, Consumer Staples, Health Care
NYSE Advance/Decline:	2,535 / 1,010
NYSE New Highs/New Lows:	421 / 98
AAll Bulls/Bears:	51.3% / 32.9%

US stocks posted solid gains to end the third quarter as investors focused more on the positives in a week of mixed economic data. September consumer confidence came in higher than expected on Tuesday boosting stocks early in the week. However, durable goods orders disappointed on Wednesday and a weaker than expected consumer spending report Friday contributed to the week's only losing day. Equities turned in a strong third quarter with the S&P 500 hitting a 5 year high and the Dow briefly passing its all-time closing high. For the quarter, the Dow, S&P 500 and NASDAQ posted gains of 5.3%, 5.7% and 4.2%, respectively. Oil prices rebounded slightly on rumored OPEC production cuts. **Amgen** received FDA approval for a new cancer treatment that will compete against **Imclone's** Erbitux. Tobacco shares fell after a judge granted class action status to a \$200 billion lawsuit. **Altria** might delay the spin off of **Kraft** as a result. **Walgreens** fell sharply despite in-line earnings. Blackberry maker **Research in Motion** gained 18% on the week after boosting 3rd quarter earnings targets. **Hewlett-Packard** shares gained following executive testimony on Capitol Hill regarding their leak probe. **GM** shares were higher after Kirk Kerkorian announced intentions to increase his stake above 10%. Homebuilder **Lennar** cut current quarter estimates for a 2nd time, further evidence of the continuing slowdown in residential real estate. Looking ahead, earning season is just around the corner and expectations are for another quarter of double digit earnings growth. More important for the direction of stocks will be the forecast for the remainder of the year as investors are looking for assurance that economic growth remains on track.

<b>US Economy and Credit Markets</b>	
<b>Yields and Weekly Changes:</b>	
<b>3 Mo. T-Bill:</b>	4.87% (-04 bps)
<b>6 Mo. T-Bill:</b>	4.99% (-01 bps)
<b>2 Yr. T-Note:</b>	4.68% (+01 bps)
<b>3 Yr. T-Note:</b>	4.61% (+04 bps)
<b>5 Yr. T-Note:</b>	4.58% (+03 bps)
<b>10 Yr. T-Note:</b>	4.63% (+04 bps)
<b>30 Yr. T-Bond:</b>	4.76% (+02 bps)
<b>GNMA (30 Yr) 8% Coupon:</b>	105-13/32 (6.29%)
<b>Duration:</b>	3.19 years
<b>30 Year Insured Revs:</b>	90.3% of 30 Yr. T-Bond
<b>Bond Buyer 40 Yield:</b>	4.68% (+02 bps)
<b>Goldman Sachs Commodity Index:</b>	5892.85 (+143.48)
<b>Merrill Lynch High Yield Indices:</b>	
<b>BB, 7-10 Yr.</b>	7.39% (-04 bps)
<b>B, 7-10 Yr.</b>	8.33% (-04 bps)

After opening the week with an increase in prices on Monday, Treasury prices closed down for four straight days to finish the week in negative territory. Monday's price increase came after the first decline in existing home sales in 11 years, but following Tuesday's unexpectedly large increase in consumer confidence, prices fell Tuesday. Despite an unexpected drop in August durable goods orders, Treasuries declined Wednesday as new home sales rose. Prices fell again Thursday even with a downward revision in GDP. A number of factors spurred Friday's price decline. The first was a report showing stronger than expected manufacturing growth in the Chicago region. Also affecting prices Friday was a key inflation gauge used by the Fed hitting its highest level in 11 years, increasing chances of a future rate hike. Economic reports (and related consensus forecasts) for the coming week include: Monday: September ISM Manufacturing Index (53.7, Prices Paid 68.0); Tuesday: September Total Vehicle Sales (16.5 million); Wednesday: September ISM Non-Manufacturing Index (56.0) and August Factory Orders ( 0.2%); Thursday: Initial Jobless Claims (315,000); and Friday: September Employment Report, including Change in Nonfarm Payrolls (123,000), Unemployment Rate (4.7%), Average Hourly Earnings (0.3%), and Average Weekly Hours (33.8), and August Consumer Credit (\$5.0 billion).

*Source: Bloomberg and Barron's*