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For The Week Ended November 16, 2007
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	3.41 (+17 bps)	**GNMA (30 Yr) 8% Coupon:** 104-26/32 (6.06%)	
6 Mo. T-Bill	3.37 (-06 bps)	**Duration:** 3.01 years	
2 Yr. T-Note	3.34 (-08 bps)	**30-Year Insured Revs**: 101.0% of 30 Yr. T-Bond	
3 Yr. T-Note	3.25 (-11 bps)	**Bond Buyer 40 Yield**: 4.87% (-04 bps)	
5 Yr. T-Note	3.69 (-06 bps)	**Crude Oil Futures**: 95.10 (-1.22)	
10 Yr. T-Note	4.16 (-05 bps)	**Gold Futures**: 787.00 (-47.70)	
30 Yr. T-Bond	4.53 (-07 bps)	**Merrill Lynch High Yield Indices:**	
		BB, 7-10 Yr.	7.77% (+09 bps)
		B, 7-10 Yr.	9.08% (+16 bps)

Treasury prices climbed for the third straight week with trading abbreviated by Monday's observance of Veteran's Day. Yields moved in conjunction with the stock market throughout the week, with the largest decline in yields Thursday as financial institutions continue to write down losses arising from sub-prime mortgage losses. With continuing bad news from the credit market, the safe-haven bid for Treasury debt has remained strong. In addition, the headline economic reports for the week failed to provide good news. Retail sales for October fell below expectations when the more volatile automobile sector is excluded. In addition, industrial production declined by 0.5% October, while forecasters had expected a 0.1% increase; the decline was due in part to selling off of inventories that had built up previously. In addition, the number of first-time jobless claims rose, although the four-week moving average of claims was steady. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: October Housing Starts (1,170,000) and Minutes of October 31 FOMC Meeting released; Wednesday: Initial Jobless Claims (330,000), November Final U of Michigan Confidence (75.0), and October Leading Indicators (-0.3%).

US Stocks:

Weekly Index Performance

DJIA	13176.79 (+134.05,+1.0%)
S&P 500	1458.74 (+5.04,+0.4%)
S&P MidCap	851.84 (-9.71,-1.1%)
S&P Small Cap	398.58 (-1.34,-0.3%)
NASDAQ Comp	2637.24 (+9.30,+0.4%)
Russell 2000	769.50 (-2.88,-0.4%)

Market Indicators

Strong Sectors: Healthcare, Technology, Consumer Goods
Weak Sectors: Materials, Energy, Industrials
NYSE Advance/Decline: 1,347 / 2,186
NYSE New Highs/New Lows: 93 / 632
AAII Bulls/Bears: 33.0% / 49.5%

US stocks zig-zagged their way higher helped by a broad market rally on Tuesday and a solid showing on Friday. Along the way investors showed concern over the impact of a depressed housing market and elevated energy prices on consumer spending. Defensive sectors outperformed economically-sensitive and commodity-linked sectors, and large-caps outperformed small-cap stocks. Economic data including monthly producer prices, consumer prices and industrial production came in either weaker than expected or in-line (CPI). A Fed official's statements Friday indicated the Fed would remain on hold with respect to interest rate policy for the time being. Several retailers including **J.C. Penney**, **Macy's** and **Kohl's** warned of weak results to come. **Wal-Mart** on the other hand reported better than expected quarterly profits. **Starbucks** echoed retailers concerns over consumer spending, though it also cited rising commodity costs in trimming earnings guidance. **FedEx** shares fell after said higher fuel costs would weigh on earnings. **Bear Stearns** shares enjoyed a bounce after the broker announced a fourth quarter writedown that was not as bad as feared. Meanwhile, **Goldman Sachs** made reassuring statements about its remaining exposure to CDO's. **Merrill Lynch** shares rose as it announced a new CEO. **Fannie Mae** shares tumbled amid more controversy about its accounting. **E*Trade Financial** shares lost one-third of their value on analyst action. **Corning**'s rosy outlook helped lift Technology shares, as did **IBM**'s $5 billion purchase of **Cognos**. Looking ahead, the coming holiday-shortened week brings some earning news and a couple of economic data points, but for the most part trading could be quiet. Financials are likely to remain volatile as investors try to quantify systemic exposure to bad debt, but with Treasury yields pointing to trouble ahead for the economy, stocks appear attractive if the economy continues to grow as we expect.