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Weekly Market Update

For the week ended
March 23, 2007

US Stocks	
Weekly Index Performance	
DJIA:	12481.01 (+370.60, +3.1%)
S&P 500:	1436.11 (+49.16, +3.5%)
S&P MidCap:	855.68 (+31.79, +3.9%)
S&P SmallCap:	416.16 (+16.28, +4.1%)
Nasdaq Comp:	2448.93 (+76.27, +3.2%)
Russell 2000:	809.51 (+30.74, +4.0%)
Market Indicators	
Strong Sectors:	Energy, Utilities, Securities Brokers, Telecom Svcs.
Weak Sectors:	Semis, Telecom Eqpt., Aerospace & Defense, Health Care
NYSE Advance/Decline:	2,909 / 621
NYSE New Highs/New Lows:	418 / 40
AAII Bulls/Bears:	43.9% / 33.1%

US stocks logged their best week in four years as investors interpreted the statement issued by the FOMC accompanying a decision to leave interest rates unchanged as opening the way to future rate cuts. All ten economic sectors finished the week with gains. Energy shares rose with the price of crude oil, which rallied 8.9%. Economically-sensitive issues performed best while defensive sectors (aside from Utilities) trailed with smaller gains. The week's gains took the major indexes to their highest levels since the late February sell-off. The DJIA edged back into positive territory for the year. **Morgan Stanley** far surpassed consensus estimates for quarterly profit and announced details of the Discover card spin off. Both **Oracle** and **Adobe Systems** offered up better-than-expected results. On the other hand, **Motorola** warned of a first-quarter loss on a significant revenue shortfall. **FedEx** gave a cautious outlook for the current year. **Halliburton** cut its first-quarter guidance. Biotech giants **Amgen** and **Genentech** each unexpectedly halted drug trials. Among corporate actions, **Hercules Offshore** announced a deal to acquire **Todco** for $2.3 billion. **ServiceMaster** agreed to be taken private for $4.7 billion. **Claire's Stores** did likewise in a $3.1 billion deal. Finally, buyout firm **Blackstone Group** filed for a $4 billion IPO. Looking ahead, the coming week is fairly rich in economic data, with investors likely to keep a particularly close eye on monthly new home sales and durable goods orders. Though rising energy prices could once again prove to be a headwind for the market, there may be few other negatives that are not already discounted in stock prices.

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US Economy and Credit Markets	
Yields and Weekly Changes:	
3 Mo. T-Bill:	5.04% (+02 bps)
6 Mo. T-Bill:	5.08% (-03 bps.)
2 Yr. T-Note:	4.60% (+02 bps)
3 Yr. T-Note:	4.52% (+02 bps)
5 Yr. T-Note:	4.51% (+05 bps)
10 Yr. T-Note:	4.61% (+07 bps)
30 Yr. T-Bond:	4.80% (+11 bps)
GNMA (30 Yr) 8% Coupon:	103-26/32 (6.80%)
Duration:	3.20 years
30 Year Insured Revs:	89.4% of 30 Yr. T-Bond
Bond Buyer 40 Yield:	4.56% (+01 bps)
Goldman Sachs Commodity Index:	5678.83 (+149.09)
Merrill Lynch High Yield Indices:	
BB, 7-10 Yr.	6.97% (-02 bps)
B, 7-10 Yr.	7.95% (-04 bps)

As fears of inflation arose once again, the price of the benchmark 10-year Treasury note fell for the week, closing at its lowest level of the month. As expected, the Fed left its target rate unchanged at its two-day meeting, which concluded on Wednesday. However, the accompanying statement -- which had previously noted that economic indicators point to “somewhat firmer growth” -- omitted that language, noting instead that recent economic data have been “mixed.” The consensus view was that the change in language means the Fed has moved away from its bias toward tightening rates, although there was widespread debate as to whether the change meant that a cut in rates may be under consideration. The statement also noted that the greatest risk remains the failure of inflation to moderate. Economic reports (and related consensus forecasts) for the coming week include: Monday: February New Home Sales (985,000); Wednesday: February Durable Goods Orders (3.5%, less Transportation 1.6%); Thursday: 4Q Final GDP (2.2% , Price Index 1.7%) and Initial Jobless Claims (320,000); and Friday: February Personal Income (0.3%) and Personal Spending (0.3%), March Chicago Purchasing Manager Index (49.5), and March Final U of Michigan Consumer Confidence (88.5).

Source: Bloomberg and Barron's