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For The Week Ended October 10, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill	0.18 (-29 bps)	**GNMA (30 Yr) 7% Coupon:**	103-17/32 (5.49%)
6 Mo. T-Bill	0.81 (-28 bps)	**Duration:**	3.68 years
1 Yr. T-Note	1.03 (-36 bps)	**30-Year Insured Revs:**	138.7% of 30 Yr. T-Bond
2 Yr. T-Note	1.63 (+04 bps)	**Bond Buyer 40 Yield:**	6.54% (+65 bps)
5 Yr. T-Note	2.75 (+12 bps)	**Crude Oil Futures:**	80.69 (-12.47)
10 Yr. T-Bond	3.87 (+27 bps)	**Gold Futures:**	845.60 (+17.90)
30 Yr. T-Bond	4.13 (+05 bps)	**Merrill Lynch High Yield Indices:**	
		BB, 7-10 Yr.	11.99% (+180 bps)
		B, 7-10 Yr.	17.09% (+309 bps)

Treasury prices were mixed for the week, with yields rising at the long end of the curve. Prices rallied to start the week, as the global turmoil caused a flight to safety by investors. After Fed Chairman Ben Bernanke hinted Tuesday that the Fed might cut interest rates, prices declined. Prices fell again on Wednesday as the Fed, along with the European Central Bank, the Bank of England, and others decreased their key lending rates by a half-point in an unprecedented joint move, leaving U.S. rate at 1.50%. An auction of $50 billion in Treasuries -- and the anticipation of significant issuance in the near future -- pushed prices lower Thursday, with the potential for increased supply hitting prices again on Friday. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: September Monthly Budget Statement ($45.5 billion); Wednesday: September Producer Price Index (-0.4%, Ex Food & Energy 0.2%), September Advance Retail Sales (-0.6%, Less Autos -0.2%), August Business Inventories (0.5%), and Fed's Beige Book released; Thursday: September Consumer Price Index (0.1%, Ex Food & Energy 0.2%), Initial Jobless Claims (470,000), September Industrial Production (-0.8%) and Capacity Utilization (77.9%), and October Philadelphia Fed report (-10.0); and Friday: September Housing Starts (874,000) and October Preliminary U of Michigan Consumer Confidence (65.0).

US Stocks

Weekly Index Performance

DJIA	8451.19 (-1874.19,-18.2%)
S&P 500	899.22 (-200.01,-18.2%)
S&P MidCap	549.85 (-112.12,-16.9%)
S&P Small Cap	282.23 (-49.24,-14.9%)
NASDAQ Comp	1649.51 (-297.88,-15.3%)
Russell 2000	522.48 (-96.92,-15.6%)

Market Indicators

Strong Sectors:	Industrials, Technology, Materials
Weak Sectors:	Energy, Financials, Utilities
NYSE Advance/Decline:	79 / 3,251
NYSE New Highs/New Lows:	5 / 2,801
AAII Bulls/Bears:	31.5% / 60.8%

US stocks absorbed their worst single week losses in history as investors lost confidence in the global financial system and bailed on all manner of risky assets. Selling pressure was intense and abated only in a single, sudden burst on Friday when stocks reversed course in anticipation of action by G-7 finance ministers over the weekend. The DJIA swung in a 1,000 point range on Friday before ending in the red. Financial shares penetrated a low held since July. Energy shares tumbled as crude oil futures fell 17% to $77.70/bbl. Gold stood out to the upside, rising 3.2% on the week. **Morgan Stanley** shares lost 60% of their value amid worries over liquidity and the prospects for completion of the pending $9 billion investment from **Mitsubishi UFJ Financial Group**. **General Motors** was compelled to deny bankruptcy rumors as its shares touched lows not seen since 1950. In earnings news, **Alcoa** kicked off 3rd quarter reporting season but results were disappointing. **General Electric** met lowered guidance with its results. GE's financial services unit contributed to a 22% drop in quarterly profits. Looking ahead, developments over the weekend including coordinated efforts from European nations to extend aid to troubled banks in the form of direct equity stakes could work to restore some confidence in the markets. In any case, investors will importantly begin to turn their attention to the effects of a global recession on corporate earnings. To that end, forecasts from the corporate sector will begin to take on more importance as the cumulative effects of initiatives by governments and central banks work to heal the financial system.