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For The Week Ended March 20, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill	0.57 (-59 bps)	**GNMA (30 Yr) 8% Coupon:**	104-21/32 (6.01%)
6 Mo. T-Bill	1.18 (-12 bps)	**Duration:**	3.08 years
2 Yr. T-Note	1.59 (+11 bps)	**30-Year Insured Revs**:	119.7% of 30 Yr. T-Bond
5 Yr. T-Note	2.37 (-02 bps)	**Bond Buyer 40 Yield**:	5.21% (+03 bps)
10 Yr. T-Note	3.33 (-13 bps)	**Crude Oil Futures**:	101.56 (-8.65)
30 Yr. T-Bond	4.16 (-19 bps)	**Gold Futures**:	920.00 (-79.50)
		Merrill Lynch High Yield Indices:	
		BB, 7-10 Yr.	8.09% (+01 bps)
		B, 7-10 Yr.	10.84% (-07 bps)

Three-month Treasury bill yields ended the week at the lowest level in over a half century and the yields of most other Government notes and bonds also closed lower. Rampant demand for the safety of U.S. Government securities was evident again this week as details regarding the emergency take-over of Bear Stearns & Co. and news of growing write-downs related to mortgage securities and CDOs caused many investors and money managers to be wary of holding any fixed-income securities other than Treasuries. Even a 75 basis point reduction in the Fed Funds target rate; the report of better-than-forecast earnings by two major investment banks; and rumors of possible further assistance to federally-chartered Fannie Mae and Freddie Mac could only temporarily derail the surge in Government prices. After the sell-off on Tuesday, demand for Treasuries quickly returned and yields trended lower for the remainder of the week. Fixed-income markets closed early on Thursday in advance of the long Easter holiday weekend. Economic reports (and related consensus forecasts) for the coming week include: Monday: Feb. Existing Home Sales (4.85M); Tuesday: March Consumer Confidence (73.8); Wednesday: February New Home Sales (576K); Thursday: Initial Jobless Claims (374,000) and 4Q final GDP annualized (0.6%); and Friday: Feb. Personal Income (0.3%), Feb. Personal Spending (0.1%), PCE Core (2.1%) and March University of Michigan Consumer Confidence (70.0).

US Stocks

Weekly Index Performance

DJIA	12361.32 (+410.23,+3.4%)
S&P 500	1329.51 (+41.37,+3.2%)
S&P MidCap	769.85(+8.76,+1.2%)
S&P Small Cap	362.29 (+8.97,+2.5%)
NASDAQ Comp	2258.11 (+45.62,+2.1%)
Russell 2000	681.42 (+18.52,+2.8%)

Market Indicators

Strong Sectors: Financials, Telecom, Consumer Discretionary
Weak Sectors: Materials, Energy, Utilities
NYSE Advance/Decline: 2,022 / 1,524
NYSE New Highs/New Lows: 67 / 868
AAII Bulls/Bears: 25.2% / 54.3%

US stocks posted solid gains across the board in a wild week of trading that included the demise of a prominent Wall Street firm and another significant rate cut by the Fed. Stocks began the week to the downside as the Fed coordinated **JP Morgan's** acquisition of **Bear Stearn's** for just $2/share sending fears through the financial system. The Fed also moved to ease the credit crunch over the course of the week by cutting the Fed funds rate by another 75 basis points (100 basis points for the discount rate) and allowing securities firms to borrow at the discount window. Brokerage earnings, while down significantly from the year ago period, bested estimates helping turnaround financial shares midweek. **Fannie Mae** and **Freddie Mac** also rallied sharply after regulators cut their surplus capital requirements. **Visa** raised $18 billion in the largest ever US IPO. The stock rose 46% on the week. **Yahoo** reaffirmed its Q1 and 2008 forecast sending its shares higher. **Nike** cited strong European and Asian results for its better-than-expected earnings. **Adobe** reported strong revenue gains and posted EPS ahead of expectations. **FedEx** blamed rising fuel costs for its disappointing 2008 outlook. After setting fresh highs early in the week, commodities tumbled to end the week as the Fed cut rates less than many expected and the dollar firmed. Looking ahead, the coming week brings a smattering of earnings reports along with a couple economic reports of note. The stability (both real and perceived) of the financial system will be important in determining the direction of equities over the near term. If investors feel the Fed is finally starting to get out in front of the liquidity crisis, stocks could add to recent gains.