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For The Week Ended April 18, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill	1.34 (+16 bps)	**GNMA (30 Yr) 8% Coupon:**	105-29/32 (5.63%)
6 Mo. T-Bill	1.65 (+27 bps)	**Duration:**	3.23 years
2 Yr. T-Note	2.12 (+38 bps)	**30-Year Insured Revs**:	105.8% of 30 Yr. T-Bond
5 Yr. T-Note	2.89 (+32 bps)	**Bond Buyer 40 Yield**:	4.99% (+02 bps)
10 Yr. T-Note	3.71 (+25 bps)	**Crude Oil Futures**:	116.80 (+5.47)
30 Yr. T-Bond	4.50 (+21 bps)	**Gold Futures**:	912.20 (-11.40)
		Merrill Lynch High Yield Indices:	
		BB, 7-10 Yr.	7.88% (-08 bps)
		B, 7-10 Yr.	10.31% (-27 bps)

Treasury prices fell across the board for the week, with the two-year note suffering its largest one-week loss since 2001. Gains in the stock market decreased demand for the safety of government debt, which had fueled strong gains through the first quarter. In addition, both consumer and producer prices continue to rise quickly, causing inflation fears to mount and the value of fixed-income securities to be undercut. Other positive news from the economy also pressured Treasury prices, as well. Monday's retail sales report showed overall sales increased more than expected, although a portion of those gains can be explained by the higher cost of fuel. Excluding autos, sales also increased slightly, matching expectations. Prices did move upward slightly on news of continued decline in housing starts, but that news was offset by more positive news from the economy. In addition, industrial production increased by 0.3%, while forecasts had called for a decline of 0.1%. Economic reports (and related consensus forecasts) for the coming week include: Tuesday: March Existing Home Sales (4.93 million, -1.6%); Thursday: March Durable Goods Orders (0.1%, less Transportation 0.6%), Initial Jobless Claims (375,000), and March New Home Sales (585,000, -1.0%); and Friday: April Final U of Michigan Consumer Confidence (63.5).

US Stocks

Weekly Index Performance

DJIA	12849.36 (+523.94,+4.3%)
S&P 500	1390.33 (+57.50,+4.3%)
S&P MidCap	834.70 (+35.34,+4.4%)
S&P Small Cap	380.25 (+16.26,+4.5%)
NASDAQ Comp	2402.97 (+112.73,+4.9%)
Russell 2000	721.07 (+32.91,+4.8%)

Market Indicators

Strong Sectors:	Energy, Technology, Materials
Weak Sectors:	Health Care, Consumer Staples, Telecomm
NYSE Advance/Decline:	2,804 / 768
NYSE New Highs/New Lows:	223 / 143
AAII Bulls/Bears:	30.4% / 48.7%

US stocks posted big gains last week as investors focused on several positive earnings reports. Energy shares led the way as oil approached $117/bbl before ending the week at $115.62. Technology shares were strong after a trio of big names reported solid earnings. **Google** rocketed higher by 20% on Friday following strong earnings and revenue gains, dismissing the notion of a slowdown in its online ad business. **Intel** reported strong earnings and boosted its forecast while **IBM** reported results ahead of forecasts due to strong global services and new contract growth. Railroad operator **CSX** gained after strong revenue gains tied to agriculture and commodity demand boosted results above expectations. Financial shares gained for the week despite massive write-downs among the big investment and money center banks that reported results. **JPMorgan**, **Citigroup** and **Merrill Lynch** all gained despite billions more in write-offs and loan loss reserves. **Wachovia** was among the few to lose ground as it reduced its dividend and raised almost $7 billion in additional capital after reporting substantial credit related losses. Weak sales of Lipitor due to generic competition eroded profits and led to an earnings miss at **Pfizer**. Strong international sales helped both **Caterpillar** and **Honeywell** report results above consensus. In merger news, **Northwest Airlines** and **Delta** agreed to combine to create the world's largest airline. Looking ahead, earnings will be the main event in the coming week as we head into the heart of earnings season. Stocks could continue to move higher over the near term should results mirror last week as current valuations reflect muted expectations and investors appear willing to look past current economic headwinds toward the future.