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For The Week Ended March 6, 2008
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.19 (-06 bps)	**GNMA (30 Yr) 7% Coupon:** 105-7/32 (4.22%)	
6 Mo. T-Bill	0.38 (-06 bps)	**Duration:** 2.98 years	
1 Yr. T-Bill	0.64 (-04 bps)	**30-Year Insured Revs**: 182.0% of 30 Yr. T-Bond	
2 Yr. T-Note	0.95 (-02 bps)	**Bond Buyer 40 Yield**: 5.53% (+03 bps)	
3 Yr. T-Note	1.36 (-01 bps)	**Crude Oil Futures**: 45.90 (+1.14)	
5 Yr. T-Note	1.88 (-10 bps)	**Gold Futures**: 937.80 (-4.70)	
10 Yr. T-Note	2.87 (-14 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	3.55 (-16 bps)	**BB, 7-10 Yr.**	12.68% (+55 bps)
		B, 7-10 Yr.	17.04% (+212 bps)

With fear continuing to pervade the market, Treasury prices increased for the week as investors sought the safety U.S. government debt provides. Prices rose Monday as the government's providing more billions to AIG continued concerns regarding the financial system. Increases continued Tuesday when stocks fell to levels last seen in 1996 as all three U.S. automakers saw their sales drop by at least 44% in February. Prices fell Wednesday as stocks improved on optimism that a potential stimulus package in China would help spur an economic rebound. With no announcement of additional Chinese stimulus, Treasury prices rose once again Thursday as stocks fell back. Treasuries fell Friday despite the February employment report putting the unemployment rate at 8.1%, its highest level in more than 25 years. While the employment report was poor, it was not nearly as bad as many had feared. Major economic reports (and related consensus forecasts) for next week include: Tuesday: January Wholesale Inventories (-1.0%); Wednesday: February Monthly Budget Statement (-$205.0 billion); Thursday: February Advance Retail Sales (-0.5%, Less Autos -0.1%), Initial Jobless Claims (642,000), and January Business Inventories (-1.1%); Friday: January Trade Balance (-$38.0 billion), February Import Price Index (-0.7%), and March Preliminary U of Michigan Consumer Confidence (55.0).

US Stocks:

Weekly Index Performance

DJIA	6626.94 (-435.99,-6.2%)
S&P 500	683.38 (-51.71,-7.0%)
S&P MidCap	408.13 (-41.31,-9.2%)
S&P Small Cap	185.66 (-20.31,-9.9%)
NASDAQ Comp	1293.85 (-83.99,-6.1%)
Russell 2000	351.05 (-37.97,-9.8%)

Market Indicators

Strong Sectors: Consumer Staples, Health Care, Technology
Weak Sectors: Financials, Industrials, Utilities
NYSE Advance/Decline: 276 / 2,956
NYSE New Highs/New Lows: 7 / 1,185
AAII Bulls/Bears: 18.9% / 70.3%

U.S. stocks suffered heavy losses hitting levels last seen in 1996 as investor confidence continued to erode amid a deteriorating financial sector and news flow that offered little to entice sidelined capital into the market. Friday's employment report was the most anticipated event of the week. The headline number came in as expected although the prior two months were revised down by a combined 160,000. Financials again bore the brunt of the selling pressure as concerns about credit losses mounted. **Citigroup** fell below $1 during the week and investors questioned the capital resources of **JPMorgan**. **GE** saw its shares fall 17% on the week due to concerns about its finance unit. Domestic automakers reported sales declines of 43-53% in February from the prior year. In addition, **GM's** shares fell by one-third after its auditor raised "going concern" worries in the company's recently filed 10-K. **AIG** announced a $60 billion 4th quarter loss and received an additional $30 billion in government assistance. Several prominent firms announced dividend cuts to conserve cash among them **PNC Financial**, **US Bancorp**, **Well Fargo** and **International Paper**. **Wal-Mart** reported strong February sales bucking the overall industry trend. **AutoZone** reported quarterly results well ahead of estimates as more people delay new car purchases and fix their existing cars. Materials stocks gained mid week on prospects of a new Chinese stimulus program only to retreat later in the week when the plan failed to materialize. Looking ahead, the coming week is fairly light on economic and earnings reports. After falling eight of the last nine weeks stocks could be due for a bounce. A lasting move higher will require improved investor confidence on the policy front along with stabilization in the housing and banking sectors.