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For The Week Ended September 18th, 2009
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.07 (-06 bps)	**GNMA (30 Yr) 6% Coupon:**	105-10/32 (3.15%)
6 Mo. T-Bill	0.19 (-01 bps)	**Duration:**	3.16 years
1 Yr. T-Bill	0.35 (-01 bps)	**30-Year Insured Revs**:	165.4% of 30 Yr. T-Bond
2 Yr. T-Note	0.99 (+08 bps)	**Bond Buyer 40 Yield**:	5.05% (-10 bps)
3 Yr. T-Note	1.55 (+11 bps)	**Crude Oil Futures**:	71.80 (+2.51)
5 Yr. T-Note	2.45 (+15 bps)	**Gold Futures**:	1007.50 (+2.30)
10 Yr. T-Note	3.46 (+12 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.22 (+04 bps)	**BB, 7-10 Yr.**	8.38% (-33 bps)
		B, 7-10 Yr.	10.14% (-47 bps)

Treasury yields ended the week generally higher and most maturities closed higher each day with the exception of Thursday. Prices declined Monday on profit taking and were slightly lower again Tuesday ahead of CPI results on Wednesday. Treasuries on the longer end of the curve increased the most on Thursday as investors sought higher yields. Treasury prices fell again Friday on profit taking and ahead of next week's sale of $112 billion in Treasury notes. The Producer Price Index increased 1.70% in August vs. the estimate of 0.80%, and was reported down 4.30% year over year vs. the estimate of -5.30%. August Retail Sales were reported up 2.70% vs. the expectation of 1.90%. Industrial Production increased 0.80% in August vs. the estimate of 0.60%. The Consumer Price Index increased 0.40% in August vs. the estimate of 0.30% and was reported down 1.50% year over year vs. the consensus estimate of -1.70%. August Housing Starts matched consensus expectations at 598,000. Major economic reports (and related consensus forecasts) for next week include: Tuesday: September Richmond Fed Manufacturing Index (16); Wednesday: FOMC Rate Decision (0.25%); Thursday: August Existing Home Sales (5.35M); Friday: August Durable Goods Orders (0.40%, 1.0% Excluding Transportation), U of M Consumer Confidence (70.5), August New Home Sales (440K).

US Stocks:

Weekly Index Performance

DJIA	9820.20 (+214.79,+2.2%)
S&P 500	1068.30 (+25.57,+2.5%)
S&P MidCap	701.53 (+22.12,+3.3%)
S&P Small Cap	323.53 (+11.57,+3.7%)
NASDAQ Comp	2132.86 (+51.96,+2.5%)
Russell 2000	617.88 (+24.29,+4.1%)

Market Indicators

Strong Sectors: Materials, Financials, Industrials, Utilities
Weak Sectors: Telecom Svcs., Health Care, Technology
NYSE Advance/Decline: 2,589 / 582
NYSE New Highs/New Lows: 570 / 6
AAII Bulls/Bears: 42.1% / 40.0%

US stocks advanced for a second straight week as positive economic data supported a prevailing view the economy and corporate profits are on track for recovery. Monday marked the one-year anniversary of the failure of Lehman Brothers and while stocks remain below their levels at that time, they are at highs for 2009. Federal Reserve Chairman Bernanke stated on Tuesday he believes the recession is likely over from a "technical perspective". August retail sales showed strength even apart from a boost to auto sales from "cash for clunkers". Industrial Production showed a stronger than expected increase. The week's data on inflation suggests pricing power is still weak for producers of finished goods. Housing starts and weekly jobless claims data were mixed. Natural gas futures soared 27% off depressed levels. Gold futures held above $1,000/oz. In earnings news, **Best Buy** fell short of consensus expectations but comparable store sales fell less than anticipated and the company raised full-year earnings guidance. **Kroger** missed on the bottom line and trimmed guidance citing pricing pressure in the food aisle. **Oracle** reported lower quarterly revenues as core database license revenues disappointed. **FedEx** reported results in-line with last week's positive preannouncement. **Citigroup** shares traded lower on reports the government would soon look to sell down its 34% ownership stake. In merger news, **Adobe Systems** announced it would acquire **Omniture** for $1.5 billion. Looking ahead, there is plenty on the docket for investors this week including data due out on leading economic indicators and existing home sales, and a scheduled decision on interest rates from the Federal Reserve. Earnings are due out from **Research In Motion** among others. Those hoping for a sharp September pullback won't likely find much in the data to act as a catalyst for selling given the amount of money still chasing the ongoing rally in equities.