

Weekly Capital Markets

April 26, 2010



Market Review

The Week in Review

Economic Releases for the Week Ending 4/23/10

	**Consensus	Actual	Prior Period
March Leading Indicators	1.1%	1.4%	0.1%
March Existing Home Sales	5.25M	5.35M	5.02M
March Durable Goods Orders	0.4%	-1.3%	0.5%

Financial markets recovered from last week's sell-off and investors returned to invest in riskier assets. After the Goldman Sachs situation last week, which led to a decline in equities and a flight to Treasuries, investors gladly returned to the stock market, pushing the S&P 500 2.11% higher to finish at 1,217.28. Yields on U.S. Treasuries bounced off of their lowest levels in a month and rebounded across all maturities, with the yield on the two-year and ten-year climbing twelve and five basis points, respectively.

Economic releases were generally positive. The index of leading economic indicators beat expectations for an increase of 1.1% and climbed 1.4% in March, marking the 12th consecutive month with a gain in the index. Sharp gains in the manufacturing sector helped drive the number higher in March and there were also upward revisions to both January and February. On the housing front, existing home sales met expectations and rose 6.8% to an annualized rate of 5.35 million. The increase was somewhat less impressive when factoring in the pending end of the housing stimulus that is scheduled for the end of this month. The jump in new home sales was much more impressive than the increase in existing sales. New home sales spiked 26.9% in March to an annualized pace of 411,000. On a negative note, durable goods orders missed expectations for an increase of 0.4% and fell 1.3% in March. The primary driver behind the miss was a 12.9% drop in aircraft orders. Excluding the transportation sector, durable goods orders posted an increase of 2.8%

The Week Ahead

Economic Releases for the Week Ending 4/30/10

	**Consensus	Prior Period
Feb. Case-Schiller	1.3%	-0.7%
FOMC Decision	0.25%	0.25%
Q1 GDP	3.4%	5.6%

The week ahead has a relatively light economic schedule and the focus will be on the findings of the Federal Open Market Committee (FOMC) and on the initial estimate of first quarter gross domestic product (GDP). Financial market participants are expecting the FOMC to leave the Fed funds rate in a range between 0.0% and 0.25%. Particular analysis will also be given to the accompanying statement that is released with the rate decision. Economists and analysts will comb over the statement to see what modifications were made since the previous meeting and what that might imply for the markets. For the initial estimate of first quarter GDP, expectations are for an increase of 3.4%. That level of growth would be down from the fourth quarter's level of 5.6% but would still indicate an expansion in economic activity. Finally, investors will be watching the release of the February Case-Schiller index. This release will give an indication of what home prices are doing in relation to the recent upticks in sales activity. Expectations are for an increase of 1.3% year-over-year in the 20-city composite, which tracks home prices in 20 metropolitan areas across the U.S. Month-over-month the home prices are expected to be relatively unchanged.

World Bond Rates	4/23/10	1-Wk Chg	4-Wk Chg	YTD
US 10y	3.81%	0.05%	-0.04%	-0.03%
GBR 10y	4.04%	0.06%	0.01%	0.03%
GER 10y	3.06%	-0.02%	-0.09%	-0.33%
CAN 10y	3.70%	0.02%	0.14%	0.09%
JAP 10y	1.32%	-0.03%	-0.06%	0.03%

Central Bank Rates	4/23/10	12/31/09	9/30/09	6/30/09
US Fed Funds	0.25	0.25	0.25	0.25
UK Bank Rate	0.50	0.50	0.50	0.50
GER Base Rate	1.00	1.00	1.00	1.00
CAN Bank Rate	0.25	0.25	0.25	0.25
JAP Disc Rate	0.10	0.10	0.10	0.10
3 Mo-LIBOR	0.31	0.25	0.28	0.56

Risk Premiums	4/23/10	1-Wk Chg	4-Wk Chg	YTD
*CDX (bps)	89	2	7	4
*30 Day T-Yld Vol.	85.2	2.3	-2.2	-22.3
VIX	16.62%	-1.74%	-1.15%	-5.06%

Currencies	4/23/10	1-Wk Chg	4-Wk Chg	YTD
USD/EUR	1.34	-0.01	0.00	-0.09
USD/CAN	1.00	0.01	0.03	0.05
JPY/USD	93.97	1.80	1.45	0.95

Commodities	4/23/10	1-Wk Chg	4-Wk Chg	YTD
Gold (oz.)	\$1,153.10	\$16.80	\$48.80	\$56.90
Oil (barrel)	\$85.12	\$1.88	\$5.12	\$5.76
Wholesale Gasoline (gal)	\$2.35	\$0.08	\$0.15	\$0.30
Natural Gas (mcf)	\$4.26	\$0.22	\$0.39	-\$1.32

Equity Markets	4/23/10	1-Wk Chg	4-Wk Chg	YTD
S&P 500	1,217.28	2.11%	4.35%	9.16%
FTSE 100	5,723.65	-0.35%	0.36%	5.74%
DAX	6,259.53	1.27%	2.28%	5.07%
S&P/TSX Comp	12,239.64	1.40%	2.36%	4.20%
NIKKEI	10,914.46	-1.69%	-0.74%	3.49%