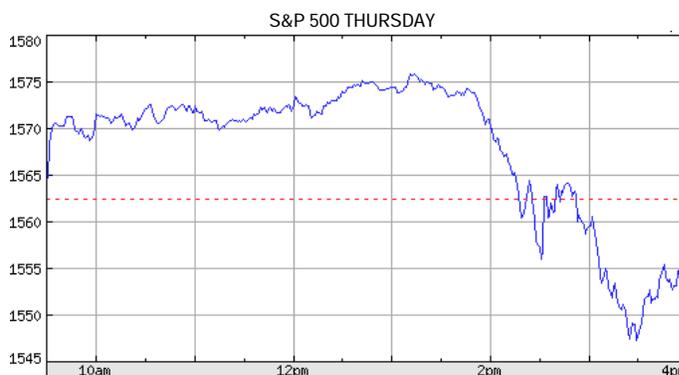


TRADING RECAP

Thursday October 11, 2007

INDEX	PRICE	CHANGE	VOLUME	UP/D RATIO	UP/D VOLUME
Dow*:	14,015.12	-63.57	3.9	12/20	16/22
Nasdaq:	2,772.20	-39.41	2.5	8/20	5/20
S&P 500:	1,554.41	-8.06			
10 yr note:	4.65%	+1bp			
Euro /\$:	1.4188	+0.0041			
Crude:	\$83.08	1.78			

*NYSE volume



MARKET SUMMARY:

Markets show an amazing turnaround as they drop from intra-day record highs in the afternoon. Notice the Nasdaq severe drop, over 3x the Dow movement in percentage terms. This massive exodus out of tech stocks shown by the underperformance of the Nasdaq on very high volume, is a poor indication going into tomorrow's trading where this added skepticism will leave traders reticent to hold their positions into the weekend. This is the 2nd distribution day in a row for the Dow and the first for the Nasdaq, an indication that sellers are increasing, something that could easily kill this rally.

Even though equities showed a sudden turnaround, credit markets were relatively unmoved. This could be credited with the fact that these markets close earlier, however it could also signal that treasury yields are nearing their lows and have already priced in the economic travails stock markets are just waking up to. Positive economic data was also released, a good reason for treasury prices to drop a little.

Inflation worries in Europe, highlighted by ECB council member Axel Weber's comments, were blamed for the sudden market turnaround. Weber confessed that even though the ECB has left rates on hold for now, the central bank may need to raise rates to a 'restrictive level' to ensure Europe's inflation risks do not become more of a problem.

Weekly DJ Business Barometer: This index increased a smidgen for the last week of September, leaving the index flat for the 3Q. This follows flat activity for the 2Q. Weaker consumer activity was cited as a drag for the barometer in the 3Q as consumers battled higher gas prices and a weaker housing market. Year over year, both the overall barometer and smoothed version are down 1%.