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The Averages
(market close: 6-30-06)

DJIA 11,150.22

ytd +4.04%

NASDAQ 2172.09

ytd -1.51%

S&P 500 1270.20

ytd +1.76%

Russell 2000 724.67

ytd +7.64%

July 6, 2006 NEWSLETTER

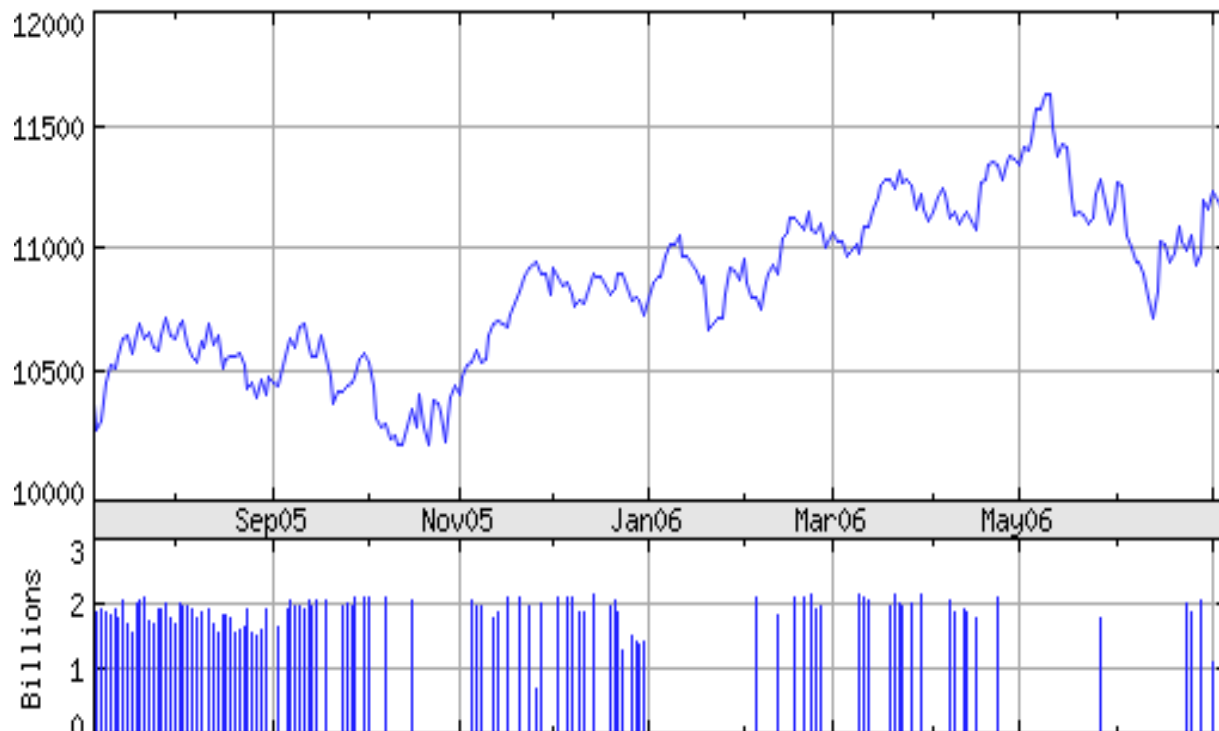
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Dow Jones Industrial Average

DJ INDU AVERAGE (DOW JONES & CO
as of 5-Jul-2006



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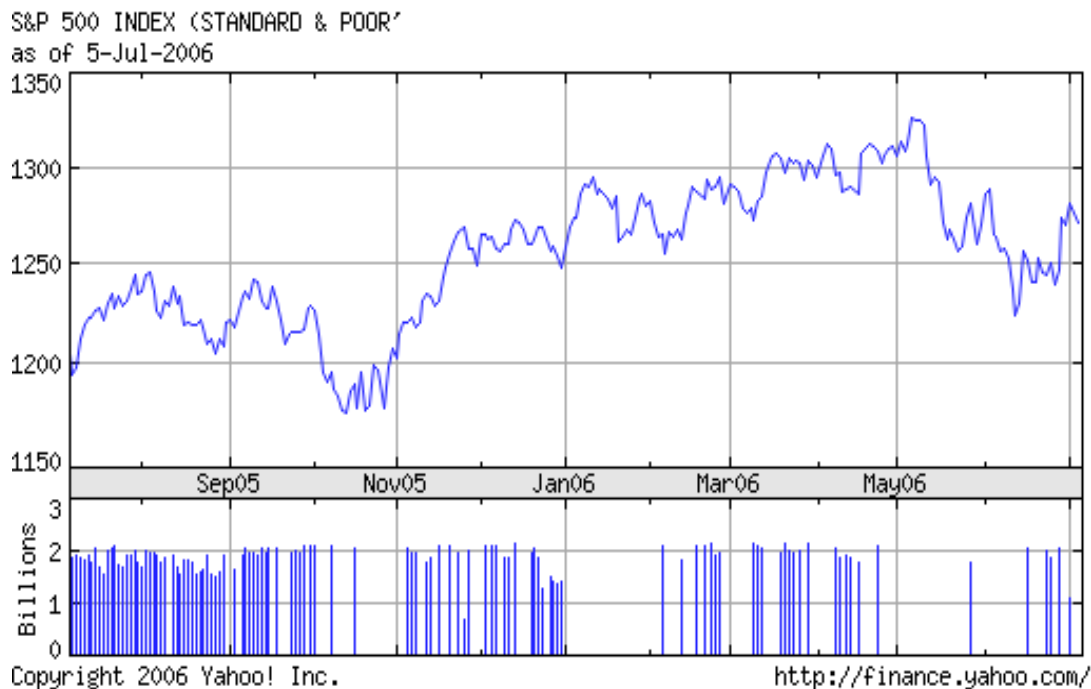
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Equity markets remained in a state of unrest for most of June awaiting the two-day FOMC meeting in the final week. The meeting came and went and key interest rates went up by a quarter of a point as most analysts had predicted. U.S equity markets rallied on hopes that the Fed may now pause or be at the end when they meet again in August.

From here the Fed will be closely monitoring the forthcoming monthly and quarterly inflation statistics. More importantly the market needs to see earnings that are consistent with how strong everyone feels the economy is. If Q2 earnings, which are due to begin next week, are lackluster then it will give the shorts no excuse but to sell again.

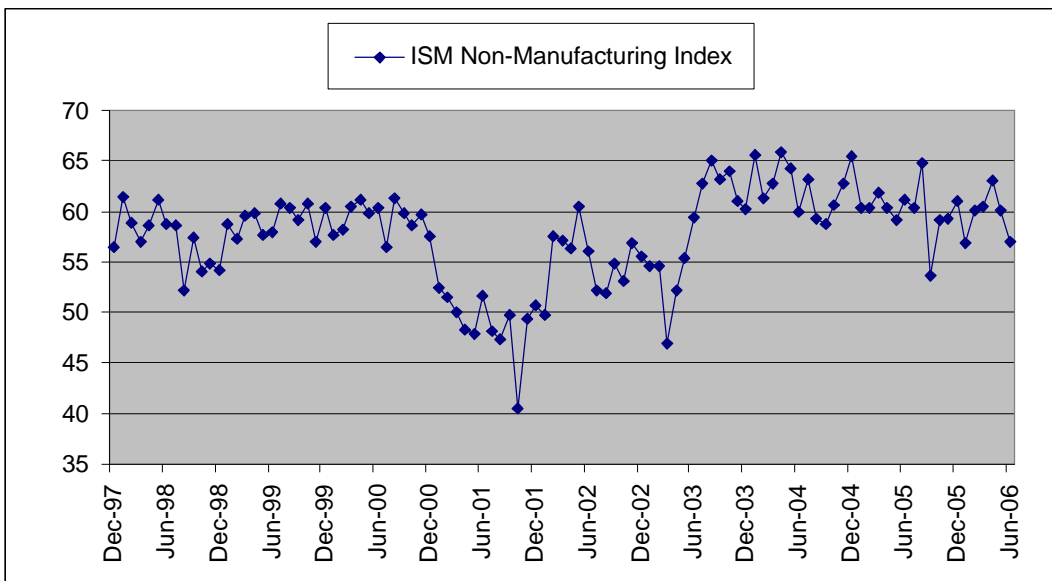
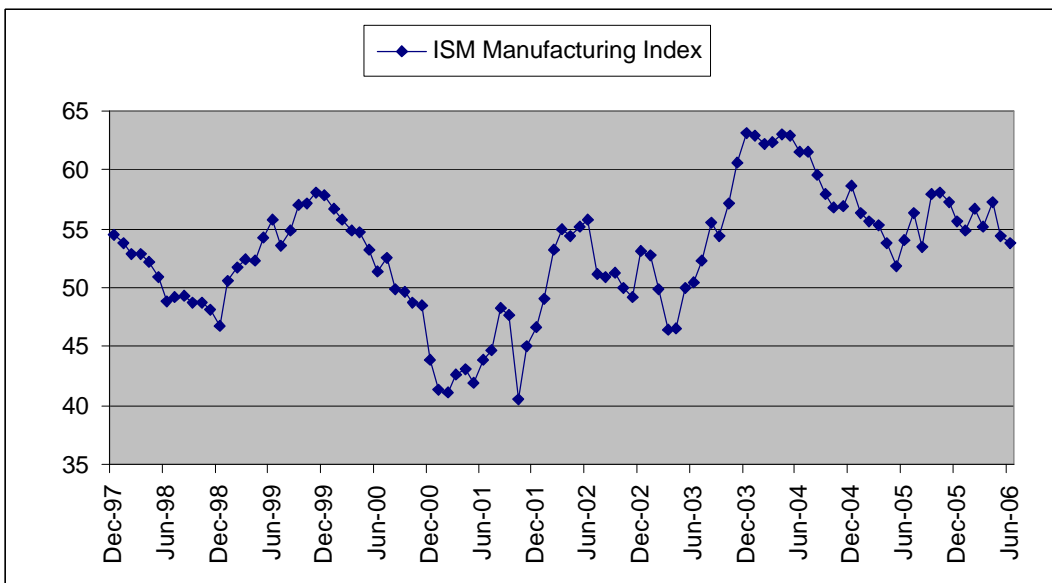
Our prediction is that companies will, for the most part, deliver consistent profits, thus supporting the markets' upward momentum.

Michael Campbell
(6-30-06)



Economic indicators pointing towards a pause, earnings season to provide further clarity

Many economic indicators appear to be providing the Federal Reserve with a ticket to pause at its next meeting on August 8th. Both the manufacturing and service indices from the Institute for Supply Management, released this week, provide further evidence of a slower, but growing economy. Readings above 50 in these indices indicate expansion.

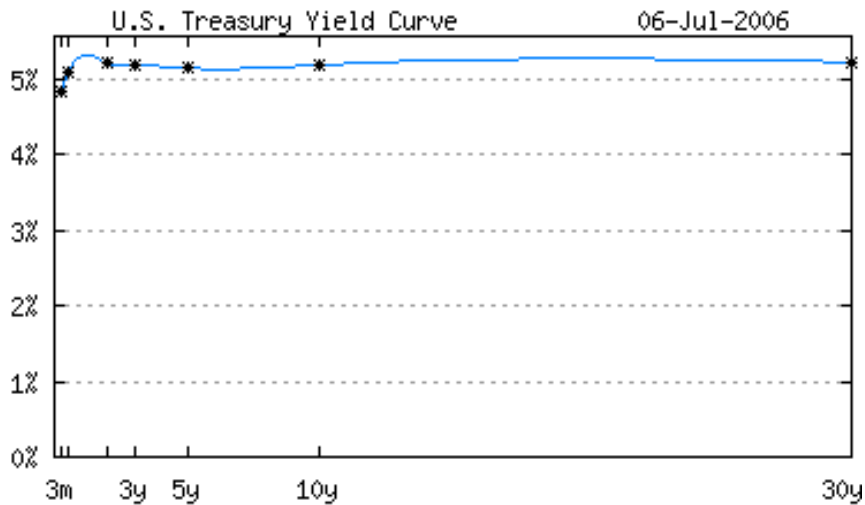


As the Fed works to engineer a soft landing, we should get a good indication of the overall condition for businesses as we enter earnings season this month. What companies say & do to adjust their guidance looking forward into 2007 will likely be most important to stock valuations.

Ron Medley (07/06/06)

HISTORICAL TREASURY YIELDS

	03'	04'	05'	May
<i>Funds</i>	1.44	1.06	4.25	5.00
<i>90 day</i>	1.10	0.91	4.08	4.83
<i>180 day</i>	1.11	1.00	4.38	5.06
<i>Year</i>	1.18	1.24	4.47	5.11
<i>2yr</i>	1.50	1.83	4.41	5.02
<i>3yr</i>	1.88	2.24	4.37	5.02
<i>5yr</i>	2.72	3.15	4.37	5.02
<i>7yr</i>	3.31	3.69	4.35	5.07
<i>10yr</i>	3.80	4.13	4.36	5.10
<i>20yr</i>	4.83	4.98	4.40	5.34
<i>30yr</i>	4.82	4.95	4.58	5.20
SLOPE:				
<i>90D-30yr-</i>	3.72	4.04	0.50	0.37
<i>2yr- 30yr</i>	3.32	3.12	0.17	0.18
<i>90D-10yr -</i>	2.70	3.22	0.28	0.27



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