OLYMPIA
CAPITAL MARKETS GROUP

Weekly Comment

Research Analyst

Paul J. Resnik, CFA
Chief Market Analyst
212-621-9634
presnik@olympiany.com

Market Overview

The Dow Jones Industrial Average slipped another 88.53 points (0.87%) last week to 10,213.62 as excitement about four major proposed acquisitions, three friendly (McAfee by Intel for $7.7 billion, New Alliance Bancshares by First Niagara Financial for $1.5 billion, and 3Par by Dell for $1.2 billion…Hewlett-Packard came in with a $1.5 billion bid for 3Par this morning) and one hostile (Potash by BHP Billiton for $38.6 billion) was unable to offset continuing concerns about the economy which showed up in the 10-year Treasury bond yield which got as low as 2.55% on Friday before finishing at 2.61% while two-year Treasuries were selling at less than 0.5%.

In the News

General Motors Start Your Engines

General Motors filed papers for a public offering. The IPO, expected later this year, is expected to raise as much as $15 billion.

Tyco International (TYC-38.70) Breaking Into the Club

Standard & Poor's announced that Tyco International would replace Smith International (being acquired by Schlumberger) on the S&P 500 on August 26. In a down market, Tyco rose over 5% last week.

The Week Ahead

On the economics front, concerns are that the economic recovery is stalling. Expected reports of new home sales and consumer sentiment are expected to be unchanged from the previous figures and second quarter preliminary GDP is expected to be revised downward from the advanced report of 2.4% to 1.4%. On the other hand, the notoriously volatile durable goods figure is expected to snap back to positive territory. It will be another quiet week for earnings reports. Notable releases scheduled are Barnes & Noble (the big loss should be viewed in the context of a brewing battle for control) and Toll Brothers (homebuilders are always of interest for as investors try to divine any signs of a turnaround in the housing market). While it may be a quiet August week on the scheduled news front, the Treasury will be hard at work; auctions will be as follows: Monday: $30 billion of three-month bills and $30 billion of six-month bills; Tuesday: $25 billion one-year bills and $37 billion two-year notes; Wednesday: $36 billion of five-year notes; Thursday: $29 billion of seven-year notes; and Friday: $29 billion of 29 ½ -year TIPS. (that's for a grand total of $216 billion…but who's counting).

Economic Indicators

		Expected	Last Period
Wednesday, August 25:	July Durable Goods	3.00%	-1.20%
	July New Home Sales	330,000.00	330,000.00
Friday, August 27:	Q2 GDP (preliminary)	1.40%	2.40%
	U. of Mich. Sentiment	69.60%	69.60%

Source: Bloomberg

OLYMPIA CAPITAL MARKETS GROUP

Selected Corporate Earnings

		Period	Estimate	Year Earlier Period
Tuesday, August 24:	Barnes & Noble	1Q	($0.80)	$0.14
	Big Lots	2Q	$0.47	$0.35
	Burger King	2Q	$0.34	$0.43
	Medtronic	1Q	$0.81	$0.79
Wednesday, August 25:	Amer. Eagle Outfit.	2Q	$0.13	$0.14
	Guess?	2Q	$0.68	$0.64
	Toll Brothers	3Q	($0.14)	($2.93)
Thursday, August 26:	Intl. Rectifier	4Q	$0.26	$0.41
	J. Crew	2Q	$0.46	$0.29
	Novell	3Q	$0.07	$0.07
Friday, August 27:	Tiffany	2Q	$0.53	$0.39

Source: Thompson First Call