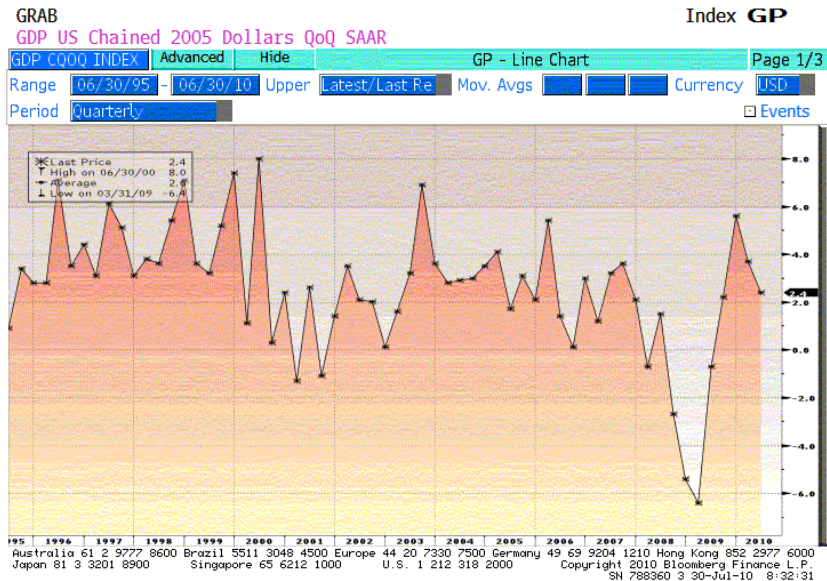


MORNING MARKET COMMENTARY

Friday, July 30, 2010

	Today's Opening	Yesterday's Opening
Fed Funds	0.21%	0.20%
3- Month T-Bill	0.145%	0.146%
6-Month T-Bill	0.194%	0.196%
1-Year T-Bill	0.284%	0.289%
2-Year T-Note	0.578%	0.609%
10-Year T-Note	2.979%	2.985%
30-Year T-Bond	4.078%	4.064%
1-Month LIBOR	0.305%	0.3156%
DJIA ↓ 30.72	10,467.16	10,497.88
Japanese Yen/USD	86.78	87.47
Canadian Dollar/USD	1.038	1.039
USD/Euro	1.307	1.299
Gold-London Fix	1,168.20	1,163.70
Crude Oil	78.36	76.99



July 30, 2010: Economy Grows More Slowly Than Expected In Q2 (Portions From Bloomberg)

Stocks fell for a second day yesterday, while the yield on the 2-year fell to within one basis point of its all-time low. Dallas Fed President Richard Fisher said yesterday that the U.S. economy faces a “slow slog” and further monetary accommodation may not revive businesses “dispirited” by tax and regulatory changes. “No amount of further monetary accommodation is going to do the trick,” he said in response to audience questions after his speech in San Antonio. “We’ll be pushing on a string, in my opinion.”

In early morning trading today, before the 8:30 am release of GDP results for Q2 (15 year chart above), investors were moving to the safety of Treasuries. Many were anticipating that the economy would grow more slowly than estimated, and they were correct. Results of 2.4% were less than expectations of 2.6%, although last quarter’s results were revised sharply higher, from 2.7% initially reported to 3.7%. Consumer Spending, which accounts for about 70% of GDP, increased 1.6% in Q2, well under expectations of 2.4% and 1.9% last quarter. Other items that may impact trading include:

- Moody’s said that Spain will probably lose its Aaa credit rating, as well as stating that slower growth in the U.S. will hinder efforts to address the budget deficit.
- The IMF released findings of its stress tests today, and reported that the U.S. financial system remains fragile and might need as much as \$76 billion in new capital.

EASTERN CORPORATE FEDERAL CREDIT UNION
35 CORPORATE DRIVE, SUITE 300, BURLINGTON, MA 01803-4238
1-800-428-1144 • 781-933-9950

If you have any questions please contact Kevin Peters at Ext. 3354 or Jonathan Rankin at Ext. 3315.