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Market View Daily

INVESTMENT STRATEGY GROUP

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JANNEY MONTGOMERY SCOTT LLC

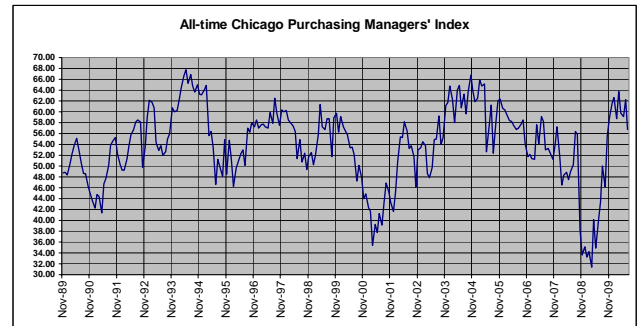
2010 Market Data	Prior CLOSE	LAST	CHANGE	% Daily	% YTD	% Jan.	% Feb	% Mar	% Apr	% May	% June	% July	% Aug	1st Qtr.	2nd Qtr.	3rd Qtr.
D J Industrials .DJIA	10150.65	10009.73	(140.92)	(1.39)	(4.01)	(3.46)	2.56	5.15	1.40	(7.92)	(3.58)	7.08	(4.36)	4.11	(9.97)	2.41
S&P 500 SPX	1064.59	1048.92	(15.67)	(1.47)	(5.93)	(3.70)	2.85	5.88	1.48	(8.20)	(5.39)	6.88	(4.78)	4.87	(11.86)	1.77
NASDAQ Comp COMP	2153.63	2119.97	(33.66)	(1.56)	(6.57)	(5.37)	4.23	7.14	2.64	(8.29)	(6.55)	6.90	(5.98)	5.68	(12.04)	0.51
SOX Index SOX	321.76	313.58	(8.18)	(2.54)	(12.87)	(12.18)	7.21	8.18	2.59	(5.43)	(6.57)	4.97	(10.10)	1.85	(9.35)	(5.63)
Biotech Index BTK	1072.73	1063.63	(9.10)	(0.85)	12.90	2.36	7.92	17.95	(2.34)	(12.25)	(2.74)	3.56	0.39	30.30	(16.66)	3.96
DJ Transports .TRAN	4184.90	4111.13	(73.77)	(1.76)	0.28	(4.98)	6.14	5.81	6.77	(7.17)	(7.57)	10.36	(7.05)	6.71	(8.38)	2.58
DJ Utilities .UTIL	392.46	387.21	(5.25)	(1.34)	(2.71)	(4.96)	3.11	2.41	(6.90)	(0.96)	7.77	0.44	(4.82)	(5.56)	8.24	
Volatility Index VIX	24.45	27.21	2.76	11.29	25.51	13.56	(20.80)	(9.79)	25.36	45.44	7.70	(31.96)	15.79	(18.87)	96.36	(21.22)
S&P Midcap 400 MID	734.30	721.47	(12.83)	(1.75)	(0.72)	(3.28)	5.06	6.98	4.20	(7.33)	(6.69)	6.82	(5.10)	8.70	(9.90)	1.37
S&P 100 .OEX	481.95	475.35	(6.60)	(1.37)	(7.54)	(3.70)	2.22	5.70	1.00	(8.74)	(5.15)	7.04	(5.04)	4.05	(12.57)	1.65
Gold ETF GLD	121.01	120.91	(0.10)	(0.08)	12.67	(1.26)	3.27	(0.44)	5.88	3.05	2.36	(5.09)	4.69	1.53	11.68	(0.63)
Russell 1000 Index .RUI	586.14	577.49	(8.65)	(1.48)	(5.64)	(3.69)	3.06	5.98	1.75	(8.13)	(5.72)	6.82	(4.72)	5.19	(11.87)	1.78
Russell 2000 Index .RUT	616.76	601.72	(15.04)	(2.44)	(3.78)	(3.73)	4.41	7.97	5.59	(7.67)	(7.88)	6.79	(7.55)	8.51	(10.19)	(1.27)

DJIA -		LAST	CHANGE	YIELD	Impact DJIA	Dec. 31 2009	YTD-2010 % G/L	1Q-2010 % G/L	2Q-2010 % G/L	3Q-2010 % G/L
Caterpillar Inc. CAT	64.47	(1.43)	2.73	(0.81)	56.99	13.13	10.28	(4.42)	7.32	
Inter. Bus. Machines IBM	123.40	(1.33)	2.11	(0.05)	130.90	(5.73)	(2.02)	(3.72)	(0.06)	
United Technologies UTX	65.39	(1.18)	2.60	(8.92)	69.41	(5.79)	6.05	(11.82)	0.74	
Chevron CVX	73.78	(1.15)	3.90	(8.69)	76.99	(4.17)	(1.51)	(10.51)	8.72	
Hewlett-Packard HPQ	38.56	0.56	0.83	4.23	51.51	(25.14)	3.18	(18.57)	(10.91)	
3M Co. MMM	79.65	(1.35)	2.64	(10.20)	82.67	(3.65)	1.09	(5.48)	0.84	
Procter & Gamble PG	59.37	(0.43)	3.25	(3.25)	60.63	(2.08)	4.35	(5.20)	(1.02)	
Boeing Co. BA	62.10	(1.06)	2.71	(8.01)	54.13	14.72	34.14	(13.58)	(1.04)	
Intel Corp. INTC	17.96	(0.41)	3.51	(3.10)	20.40	(11.96)	9.26	(12.74)	(7.66)	
Exxon Mobil XOM	59.00	(0.80)	2.98	(6.05)	68.19	(13.48)	(1.77)	(14.80)	3.38	
Wal-Mart Stores WMT	50.55	(0.45)	2.39	(3.40)	53.45	(5.43)	4.02	(13.54)	5.16	
Kraft KFT	29.70	(0.30)	3.91	(2.27)	27.18	9.27	11.26	(7.41)	6.07	
McDonald's Corp. MCD	72.74	(0.70)	3.02	(5.29)	62.44	16.50	6.85	(1.27)	10.43	
American Express AXP	39.89	(1.02)	1.81	(7.71)	40.52	(1.55)	1.83	(3.78)	0.48	
Merck & Co. Inc. MRK	34.73	(0.27)	4.38	(2.04)	36.54	(4.95)	2.22	(6.37)	(0.69)	
Johnson & Johnson JNJ	57.30	(0.30)	3.77	(2.27)	64.41	(11.04)	1.23	(9.42)	(2.98)	
Home Depot Inc. HD	27.99	(0.75)	3.38	(5.67)	28.93	(3.25)	11.82	(13.23)	(0.29)	
Alcoa Inc. AA	10.25	(0.07)	1.17	(0.53)	16.12	(36.41)	(11.66)	(29.35)	1.89	
AT&T T	26.63	(0.31)	6.31	(2.34)	28.03	(4.99)	(7.81)	(6.39)	10.09	
Verizon VZ	29.44	(0.40)	6.45	(3.02)	33.13	(11.14)	(6.37)	(9.67)	5.07	
Cisco Systems CSCO	20.32	(0.49)	0.00	(3.70)	23.94	(15.12)	8.73	(18.13)	(4.65)	
Microsoft Corp. MSFT	23.64	(0.29)	2.20	(2.19)	30.48	(22.44)	(3.90)	(21.41)	2.74	
General Electric GE	14.52	(0.19)	3.31	(1.44)	15.13	(4.03)	20.29	(20.77)	0.69	
Coca-Cola Co. KO	55.55	(0.61)	3.17	(4.61)	57.00	(2.54)	(3.51)	(8.87)	10.83	
DuPont DD	40.32	(0.69)	4.07	(5.21)	33.67	19.75	10.60	(7.12)	16.57	
Bank America BAC	12.32	(0.32)	0.33	(2.42)	15.06	(18.19)	18.53	(19.50)	(14.27)	
Pfizer PFE	15.86	(0.23)	4.54	(1.74)	18.19	(12.81)	(5.72)	(16.85)	11.22	
Walt Disney Co. DIS	32.35	(0.43)	1.08	(3.25)	32.25	0.31	8.25	(9.77)	2.70	
Travelers TRV	48.95	(0.92)	2.94	(6.95)	49.86	(1.83)	8.18	(8.69)	(0.61)	
J.P. Morgan Chase JPM	35.85	(0.75)	0.56	(5.67)	41.67	(13.97)	7.39	(18.19)	(2.08)	

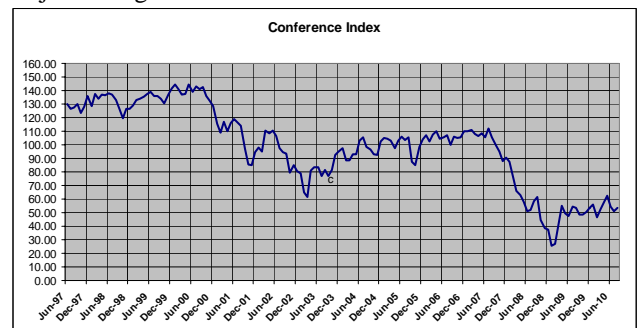
Foreign markets were lower last night, which led to futures projecting a lower U.S. opening.

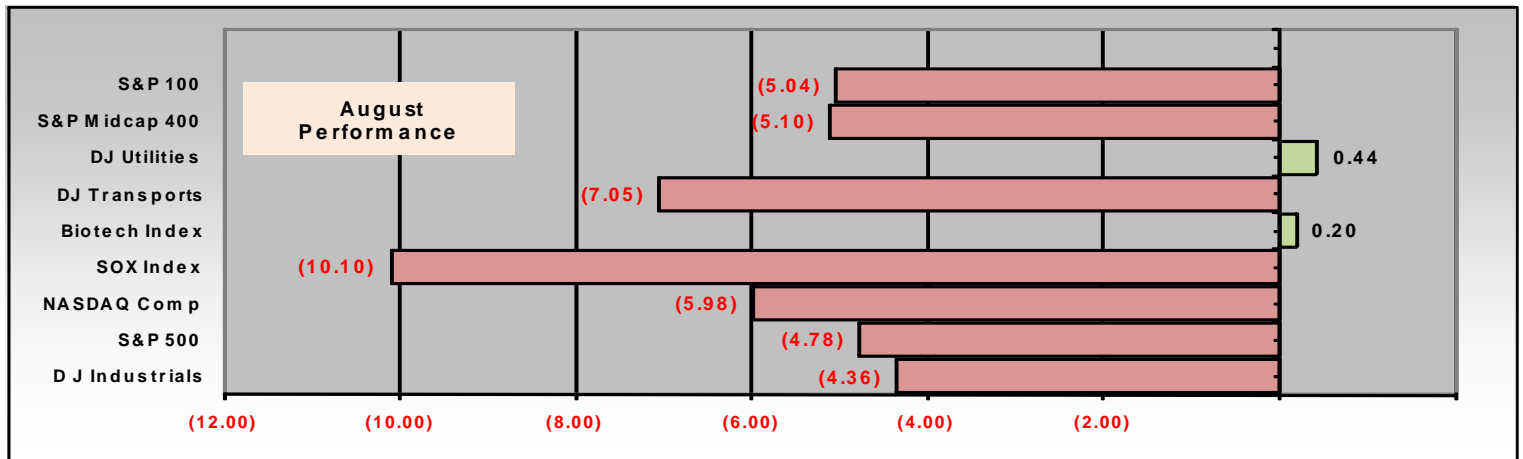
Futures improved modestly following the release of the **Case-Shiller Home Price Index**, which was moderately better than anticipated.

The more important economic data came in the report of the Chicago Purchasing Managers Index, which at 56.7 was about 5 1/2 points lower than last month and 0.3 below the expected level. The report helped to lift the major averages up from their opening lows.



The **Conference Board's Consumer Confidence Index** at 53.5 was better than anticipated and higher than a month ago. This report was the catalyst that erased losses in the major averages.





		1 Day	MTD	QTD	YTD
S&P 500	9,507,629.42	-1.47%	-4.78%	1.77%	-5.93%
Cons Disc	973,944.45	-1.78%	-4.17%	3.24%	0.89%
Industrials	1,005,724.00	-1.64%	-7.06%	2.52%	0.53%
Cons Staples	1,117,034.23	-0.86%	-1.81%	3.92%	-0.49%
Utilities	369,115.62	-1.41%	0.48%	7.86%	-2.07%
Telecom Svc	305,579.32	-1.22%	1.09%	9.11%	-2.88%
Materials	342,396.68	-1.40%	-3.18%	8.67%	-6.20%
Financials	1,498,981.15	-2.22%	-8.74%	-2.71%	-6.80%
Health Care	1,113,464.50	-1.11%	-1.38%	-0.14%	-9.88%
Energy	1,034,868.89	-1.55%	-4.50%	3.12%	-10.45%
Info Tech	1,746,520.56	-1.19%	-6.66%	0.02%	-10.98%

Several corporate news items were notable this morning.

Exelon (EXC) announced it will acquire the renewable energy unit of **Deere & Co (DE)**.

Rumors that there could be a private equity offer to acquire **Saks (SKS)** shoved Saks' stock up sharply early today.

Initial trading today brought the S&P 500 back to 1040 again. As we have repeatedly noted, this level has provided the market with support on numerous occasions in recent months. The lift off this level today was about 12 S&P points. Despite the fact that this level held again, we would not lose sight of 1040 should the market drift back down. The pattern of trading could be important if another slide happens. If the amplitude of the S&P 500 narrows with a generally downward drift toward 1040 it is reasonable to assume that the move away from this level, either up or down, could be volatile. A downside break of 1040 would suggest the potential for a return to the previous interim low around 1011. An upside move would encounter resistance around 1060 and then 1080.

Volume yesterday was extremely low. We would not anticipate a major increase in activity until the week after Labor Day at the earliest. This, of course, offers the potential for increased volatility.

Today's economic data was merely the start of a string of potentially market-moving items still ahead this week. Friday's employment report is the focal point, but the ISM Index tomorrow could be influential. The Index is expected to remain north of 50, which would imply that the economy still is expanding albeit at a slower pace than was true months ago.

Some of the recent market concerns center on projections that Friday's non-farm payroll section of the employment report might show no private sector job growth in contrast to the current consensus view of about 44,000 new jobs last month. The overall payroll data is expected to be down more than 100,000 due to the end of more temporary government jobs.

Many developed nations are worried about what will stimulate growth, but in some sections of the world, growth seems virtually to be assured for one key reason - population gains.

Presently many governments are struggling with various items they hope will boost demand, but no matter where you are in the world rising population provides a source of demand that can dwarf anything governments of the highly developed nations can create.

India might be at the top of the list of nations where population growth will provide a long-term demand base. Although there are differing estimates of India's youth population, it has been well-documented that a significant portion of the nation's population is

under age 25. For the next 15-20 years this demographic will be in the midst of their greatest period of demand for essential goods and services. Admittedly the low level of average income in India will not prompt demand anytime soon for high-priced goods, demand for items U.S. citizens took for granted 40 years ago will be enough to generate significant opportunities for domestic firms in India as well as for U.S. and European companies able to sell into India.

Although the demographics in some other nations do not quite match those in India, many Far Eastern nations hold the same potential as India.

There are various vehicles that offer investors the potential to participate in this population-based demand. They are worth considering.

In addition, you do not have to own stocks in foreign firms exclusively to participate in this potential growth. Many U.S. firms in the consumer staples and household products areas are likely to be prime candidates to benefit from demand provided in these foreign nations.

The battle between **Hewlett-Packard (HPQ)** and Dell (DELL) to acquire **3PAR (PAR)** has shoved cloud computing into the limelight.

Cloud computing is not a new concept, but it has taken on increasing importance as firms try to lower costs without lowering their technology functionality. This is a concept we think will have a long life. Data storage and ease of retrieval at an economically viable cost increasingly will push companies toward putting key records on file at other than their own servers. At present cloud computing is a relatively youthful concept and therefore should offer significant business potential for years.

Keep an eye open for the various economic data still to be released this week. We are not concerned about many of the reports, but the volatility of the payroll data suggests that Friday's report could vary sufficiently from expectations to move the market notably. Tomorrow's release of the ADP Employment Survey could provide a good clue as to what Friday's report on private sector jobs produces.

And as noted earlier, keep 1040 in the S&P 500 in mind should the index slip back to this level in coming sessions.

Have a great day.

Additional items from Yesterday

Genzyme Corp. (GENZ, \$67.62) advanced 3.39% after rejecting an \$18.5 billion (\$69/sh) cash-offer from **Sanofi-Aventis (SASY.PA, Eu 45.26)**, saying it dramatically undervalues the company. GENZ said the takeover bid did not improve from last month's offer.

Intel Corp. (INTC, \$18.37) fell 2.23% as it agreed to acquire **Infineon Technologies' (IFXGn.DE, Eu 4.61, NR)** wireless solutions business for \$1.4 billion to increase its presence in the smartphone market. The cash transaction is expected to close in 1Q11 and the mobile unit will remain as a standalone business.

Hewlett-Packard (HPQ, \$38.00) gained 1.47% as it announced a \$10 billion share repurchase program to manage dilution from employee stock plans and to buy back shares opportunistically. Management said it plans to buyback at least \$3 billion shares in Q4.

UAL Corporation (UAUA, \$20.45) rose 1.27% after the Department of Justice announced it has closed its investigation of the proposed merger between the company and **Continental Airlines, Inc. (CAL, \$21.80)**, as the latter would lease 36 slots at Newark Liberty Airport to **Southwest Airlines Co. (LUV, \$11.13)**. The airlines now expect the deal to close by Oct. 1. CAL gained 0.41% while LUV fell 1.26% off of the news.

Noble Energy (NBL, \$67.24) advanced 1.96% following reports that the company's Leviathan project under the Mediterranean Sea may contain about 4.2 billion barrels of oil found in deep structures beneath natural gas.

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