

July 28, 2010

Market View Daily

INVESTMENT STRATEGY GROUP

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JANNEY MONTGOMERY SCOTT LLC

2010 Market Data	Prior	LAST	CHANGE	% Daily	% YTD	% Jan.	% Feb	% Mar	% Apr	% May	% June	% July	1st Qtr.	2nd Qtr.	3rd Qtr.
D J Industrials .DJIA	10537.69	10530.96	(6.73)	(0.06)	0.99	(3.46)	2.56	5.15	1.40	(7.92)	(3.58)	7.74	4.11	(9.97)	7.74
S&P 500 SPX	1113.84	1112.68	(1.16)	(0.10)	(0.22)	(3.70)	2.85	5.88	1.48	(8.20)	(5.39)	7.95	4.87	(11.86)	7.95
NASDAQ Comp COMP	2288.25	2287.31	(0.94)	(0.04)	0.80	(5.37)	4.23	7.14	2.64	(8.29)	(6.55)	8.44	5.68	(12.04)	8.44
SOX Index SOX	366.08	366.08	0.00	0.00	1.71	(12.18)	7.21	8.18	2.59	(5.43)	(6.57)	10.17	1.85	(9.35)	10.17
Biotech Index BTK	1076.25	1070.88	(5.38)	(0.50)	13.67	2.36	7.92	17.95	(2.34)	(12.25)	(2.74)	4.67	30.30	(16.66)	4.67
DJ Transports .TRAN	4423.50	4429.41	5.91	0.13	8.04	(4.98)	6.14	5.81	6.77	(7.17)	(7.57)	10.52	6.71	(8.38)	10.52
DJ Utilities .UTIL	395.34	394.14	(1.20)	(0.30)	(0.97)	(4.96)	(2.87)	3.11	2.41	(6.90)	(0.96)	10.17	(4.82)	(5.56)	10.17
Volatility Index VIX	23.19	23.42	0.23	0.99	8.03	13.56	(20.80)	(9.79)	25.36	45.44	7.70	(32.19)	(18.87)	96.36	(32.19)
S&P Midcap 400 MID	772.33	771.23	(1.10)	(0.14)	6.13	(3.28)	5.06	6.98	4.20	(7.33)	(6.69)	8.36	8.70	(9.90)	8.36
S&P 100 .OEX	505.89	505.62	(0.27)	(0.05)	(1.65)	(3.70)	2.22	5.70	1.00	(8.74)	(5.15)	8.12	4.05	(12.57)	8.12
Gold ETF GLD	113.51	113.38	(0.13)	(0.11)	5.66	(1.26)	3.27	(0.44)	5.88	3.05	2.36	(6.82)	1.53	11.68	(6.82)
Russell 1000 Index .RUI	612.95	612.34	(0.61)	(0.10)	0.05	(3.69)	3.06	5.98	1.75	(8.13)	(5.72)	7.93	5.19	(11.87)	7.93
Russell 2000 Index .RUT	662.17	661.24	(0.93)	(0.14)	5.73	(3.73)	4.41	7.97	5.59	(7.67)	(7.88)	8.49	8.51	(10.19)	8.49

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	69.41	0.23	2.54	1.74	56.99	21.79	10.28	(4.42)	15.55
Inter. Bus. Machines	IBM	128.82	0.19	2.02	1.44	130.90	(1.59)	(2.02)	(3.72)	4.32
United Technologies	UTX	70.95	(0.14)	2.40	(1.06)	69.41	2.22	6.05	(11.82)	9.31
Chevron	CVX	75.16	(0.14)	3.83	(1.06)	76.99	(2.38)	(1.51)	(10.51)	10.76
Hewlett-Packard	HPQ	47.32	(0.25)	0.68	(1.89)	51.51	(8.13)	3.18	(18.57)	9.33
3M Co.	MMM	86.60	(0.20)	2.43	(1.51)	82.67	4.75	1.09	(5.48)	9.63
Procter & Gamble	PG	62.79	(0.29)	3.07	(2.19)	60.63	3.56	4.35	(5.20)	4.68
Boeing Co.	BA	67.64	(0.98)	2.48	(7.41)	54.13	24.96	34.14	(13.58)	7.79
Intel Corp.	INTC	21.51	(0.07)	2.93	(0.53)	20.40	5.44	9.26	(12.74)	10.59
Exxon Mobil	XOM	60.84	0.03	2.89	0.23	68.19	(10.78)	(1.77)	(14.80)	6.61
Wal-Mart Stores	WMT	51.09	0.13	2.37	0.98	53.45	(4.42)	4.02	(13.54)	6.28
Kraft	KFT	29.87	(0.01)	3.88	(0.08)	27.18	9.90	11.26	(7.41)	6.68
McDonald's Corp.	MCD	70.17	(0.23)	3.14	(1.74)	62.44	12.38	6.85	(1.27)	6.53
American Express	AXP	44.69	0.14	1.61	1.06	40.52	10.29	1.83	(3.78)	12.57
Merck & Co. Inc.	MRK	35.16	(0.02)	4.32	(0.15)	36.54	(3.78)	2.22	(6.37)	0.54
Johnson & Johnson	JNJ	57.82	(0.28)	3.74	(2.12)	64.41	(10.23)	1.23	(9.42)	(2.10)
Home Depot Inc.	HD	28.71	0.13	3.29	0.98	28.93	(0.76)	11.82	(13.23)	2.28
Alcoa Inc.	AA	11.21	0.00	1.07	0.00	16.12	(30.46)	(11.66)	(29.35)	11.43
AT&T	T	26.23	0.08	6.41	0.60	28.03	(6.42)	(7.81)	(6.39)	8.43
Verizon	YZ	28.82	0.23	6.59	1.74	33.13	(13.01)	(6.37)	(9.67)	2.86
Cisco Systems	CSCO	23.38	0.08	0.00	0.60	23.94	(2.34)	8.73	(18.13)	9.71
Microsoft Corp.	MSFT	26.03	(0.13)	2.00	(0.98)	30.48	(14.60)	(3.90)	(21.41)	13.12
General Electric	GE	16.09	(0.09)	2.98	(0.68)	15.13	6.35	20.29	(20.77)	11.58
Coca-Cola Co.	KO	54.82	(0.23)	3.21	(1.74)	57.00	(3.82)	(3.51)	(8.87)	9.38
DuPont	DD	40.19	(0.19)	4.08	(1.44)	33.67	19.36	10.60	(7.12)	16.19
Bank America	BAC	14.11	(0.08)	0.28	(0.60)	15.06	(6.31)	18.53	(19.50)	(1.81)
Pfizer	PFE	15.25	(0.02)	4.72	(0.15)	18.19	(16.16)	(5.72)	(16.85)	6.94
Walt Disney Co.	DIS	34.06	(0.22)	1.03	(1.66)	32.25	5.61	8.25	(9.77)	8.13
Travelers	TRV	50.55	(0.03)	2.85	(0.23)	49.86	1.38	8.18	(8.69)	2.64
J.P. Morgan Chase	JPM	40.68	(0.01)	0.49	(0.08)	41.67	(2.38)	7.39	(18.19)	11.12

(Note that all data in the tables on this page and the top of the next page are as of 9:45 this morning, not the close as is usually the case.)

Futures early today had a modestly positive bias, but a disappointing durable goods report turned futures modestly lower.

Although the durable goods number down (1.0 percent) fell shy of expectations, business investment appeared to be improving.

Earnings reports continued to be lopsidedly biased toward the number of companies beating estimates.

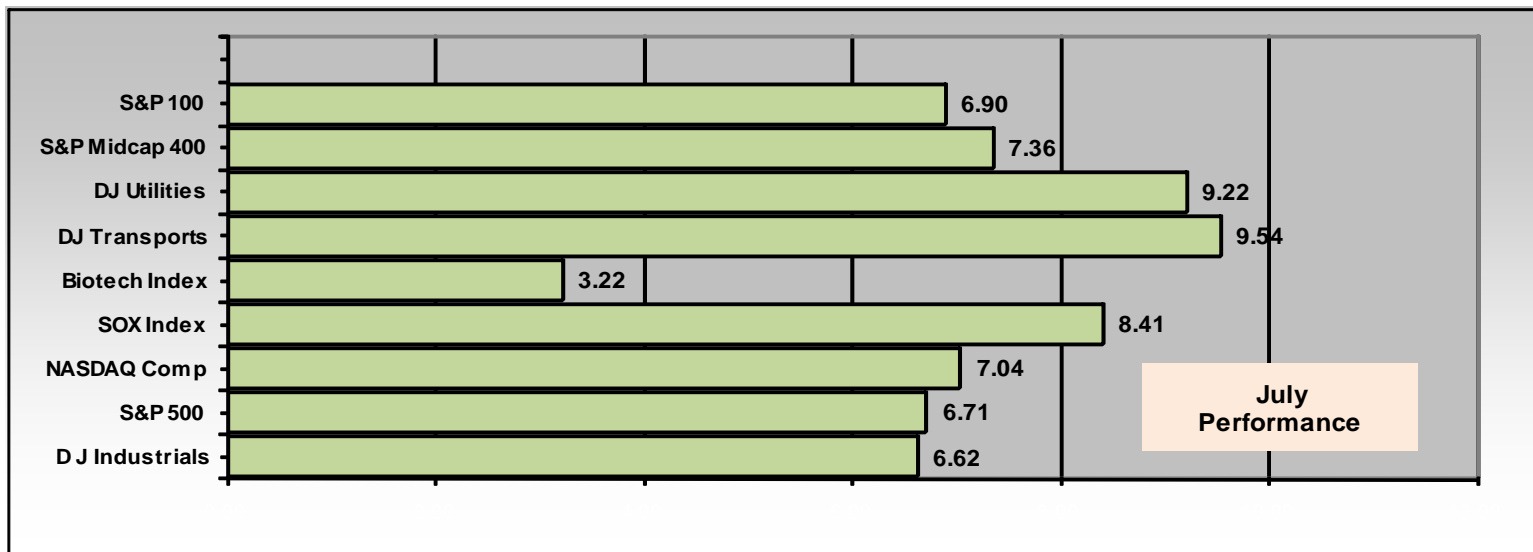
	27-Jul	Market cap	1 Day	MTD	QTD	YTD
S&P 500	10,080,864.09	-0.11%	8.07%	8.07%	-0.11%	
Industrials	1,063,532.20	-0.75%	10.57%	10.57%	8.43%	
Cons Disc	1,023,397.68	-1.21%	8.45%	8.45%	5.98%	
Cons Staples	1,154,413.29	0.40%	7.40%	7.40%	2.84%	
Financials	1,650,346.78	0.11%	7.30%	7.30%	2.79%	
Utilities	377,789.98	1.61%	10.40%	10.40%	0.23%	
Info Tech	1,917,918.63	0.14%	9.72%	9.72%	-2.35%	
Materials	353,712.36	-0.64%	12.26%	12.26%	-3.10%	
Telecom Svc	302,958.70	0.36%	8.17%	8.17%	-3.71%	
Energy	1,088,777.25	-0.37%	8.49%	8.49%	-5.79%	
Health Care	1,148,017.22	0.02%	2.41%	2.41%	-7.58%	

The market opened with very modest losses as attention turned to the Beige Book report due at 2 PM today.

Yesterday the S&P 500 failed to post a convincing move above its 200-day moving average, but the fact that the market held up as well as it did considering the extent of recent gains clearly was a positive.

The 200-day moving average continues to be a level of note in the S&P 500. As of mid-morning today that level is 1114.12.

The energy inventory report produced a major surprise. Crude oil supplies rose 7.3 million barrels, which contrasted with expectations for a 1.6 million barrel decline. Gasoline inventories rose 100,000 barrels. A 400,000 barrel rise was expected. Distillate inventories increased 900,000 barrels versus the consensus estimate for an increase of 1.8 million barrels.

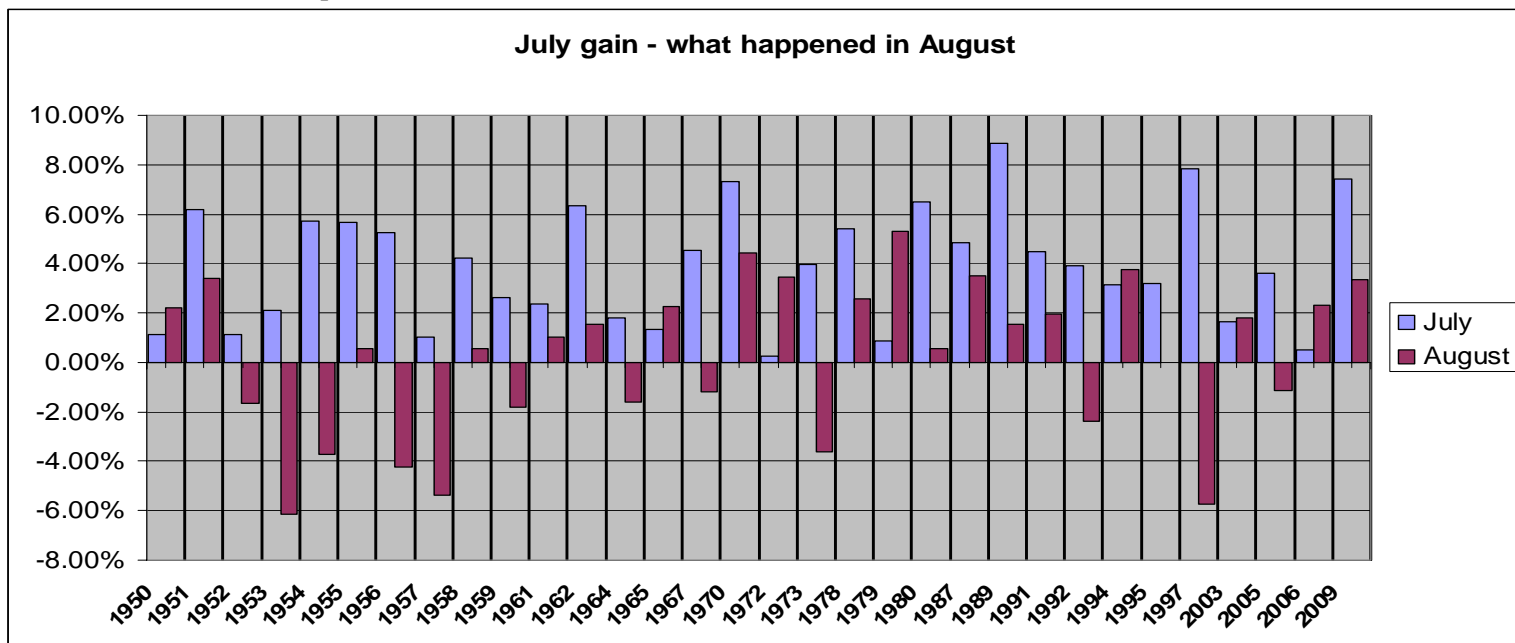


Earnings guidance is one of the critical aspects to the current earnings report season. On this score guidance on balance has been positive and at one of the best ratios of upward versus lowered guidance in a long time. Hopefully this will help to ease concerns about earnings slipping sharply in the current quarter and the fourth quarter.

Barring a sharp slide in the final three days of the month, this July will end with the S&P 500 posting a gain; the 33rd time the S&P has had a gain in July over the last 61 years.

Although the past may not be a great guide to what happens in August after a good July, hopes for a continuance of the current summer rally puts some focus on historic results.

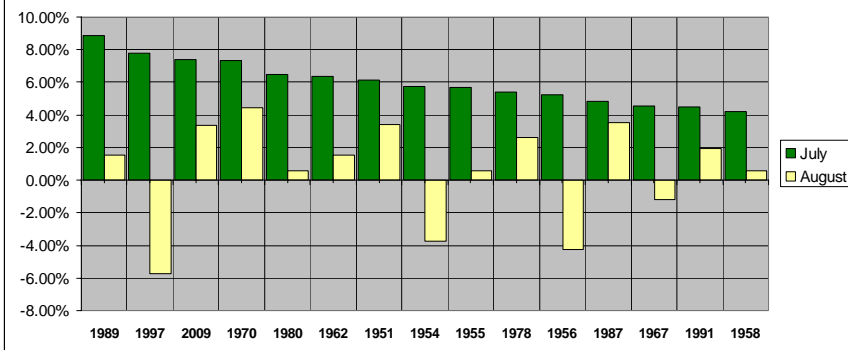
Of the prior 32 times July had a gain, the S&P followed that with a gain in August nineteen times. The chart below shows the results for each of these 32 periods.



Looking at the data when July posts an S&P gain of four percent or more, the data become more interesting.

In the fifteen years in which the S&P had a four or more percent gain, the S&P the next month produced a gain eleven times. A chart on the top left of the next page details each of the relevant years.

August after big July gain



Nothing in our view has changed. The fact that the S&P 500 so far has stalled at its 200-day moving average does not change the potential for a continuance of the current rally. We view a break above the 200-day moving average as a likely event that potentially could send the S&P to the 1150 area. The somewhat extended nature of the market right now might delay but not prevent an eventual move above the 200-day average.

Note that the GDP report due Friday could be a catalytic event. Presently the consensus estimate

is that the GDP grew 2.5 percent in the second quarter, but we think there is a good chance that actual GDP growth could be as much as a half of one percent better than this.

Have a great day.

Additional items from Yesterday

E.I. du Pont de Nemours and Company (DD, \$38.99) gained 3.57% as it beat on the bottom line, reporting EPS of \$1.17 (vs. consensus \$0.94). The beat came from higher than expected sales across all of its segments. Revenue rose 25% to \$8.62 billion driven by higher volume and prices. The company also raised its 2010 EPS guidance to \$2.90-\$3.05 (from \$2.50-\$2.70), citing higher prices, growing sales and better efficiency.

Occidental Petroleum (OXY, \$82.92) fell 3.59% after posting a bottom line miss. Revenue rose more than expected by 29% to \$4.76 billion owing to higher energy prices. Production increased 3.6% to 743,000 barrels of oil equivalent per day.

Lockheed Martin (LMT, \$74.88) fell 0.01% as it reported a bottom line beat of \$1.96 (vs. consensus \$1.78) driven by improved margins. Sales rose less than expected by 3% to \$11.44 billion. LMT raised full year EPS guidance to \$7.15-\$7.35 (from \$7.00-\$7.20), citing share repurchases and a better performance in its government satellite segment. On the other hand, management cut full year revenue guidance to \$45.50-\$46.50 billion (from \$46.25-\$47.25B), citing the removal of results for the Pacific Architects and Engineers Inc. business.

Regions Financial Corporation (RF, \$7.09) gained 1.69% after posting a narrower than expected loss. Nonperforming assets declined for the first time since 4Q 2008 by 7% qtr/qtr (\$297 million), while net loan charge-offs decreased 15% qtr/qtr to \$651 million.

Lexmark International (LXK, \$34.81) advanced 8.47% as it beat on both the bottom and the top line. Revenue rose 14% to \$1.03 billion driven by strong sales of printers and supplies. LXK guided 3Q EPS above expectations

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