



PORTFOLIO MANAGER'S REPORT



Tuesday May 04, 2010 8:39 AM

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CURRENT OFFERING YIELDS - Tuesday: 05/04/2010 8:39 AM

TODAY'S ECONOMIC DATA

	Trsy (Last Price)	Change (From Yest)	Agcy NC (Bullets)	Muni - TEY (A1; GO; BQ)	CMO (Avg Life)	MBS (Avg Life)		
3 mo	0.153%	-0.60 bp's	0.164%	0.480%			4-May	Factory Orders Prior: 0.6% Actual: ---
6 mo	0.237%	-0.70 bp's	0.240%	0.556%			4-May	Pending Home Sales MoM Prior: 8.2% Actual: ---
12 mo	0.366%	-0.6 32'ds	0.487%	0.768%			4-May	Pending Home Sales YoY Prior: 17.3% Actual: ---
2 yr	0.928%	+ 4.0 32'ds	1.095%	1.314%	1.828%	1.878%		
3 yr	1.407%		1.585%	1.935%	2.407%	2.507%		
5 yr	2.363%	+ 6.0 32'ds	2.566%	3.177%	3.213%	3.513%	DJIA	10,996.45 -155.38
10 yr	3.605%	+ 6.0 32'ds	3.860%	5.132%	4.555%	4.605%	NASDAQ	2,440.90 -57.84
30 yr	4.449%	+ 20.0 32'ds	5.030%	7.011%			S & P 500	1,182.50 -19.76

Source: Bloomberg Fair Value Curve or Last Price (Treasury only); ALL yields and spreads are "representative", not actual. Spreads change as the market changes, actual offerings may be higher or lower than

TODAY'S NEWS

Treasuries Rise Amid Concern EU Governments Haven't Yet Solved Debt Crisis

May 4 (Bloomberg) -- Treasuries advanced, pushing 10-year yields down to a six-week low, as concern that European governments haven't yet overcome the region's debt crisis boosted demand for the safest assets. The gains sent two-year yields to the lowest in a week after German Chancellor Angela Merkel's coalition stepped up calls for allowing the "orderly" default of euro-region member states to avoid any repeat of the Greek fiscal crisis. Greek civil servants began a 48-hour strike against austerity measures after euro-region finance ministers approved a 110 billion-euro (\$146 billion) bailout plan for the country over the weekend.

Today's Topic: Keep an Eye on Oklahoma

Historically spring is a busy time for bond underwriters in Oklahoma. Never, however, in our three-plus decades of experience in this state do we recall such an unprecedented number of new issues coming to market. During the first two weeks of May alone there are 43 new bank-qualified general obligation school bond issues set for sale.

New issue municipal supply could very well exceed demand by Oklahoma portfolio buyers. Should this be the case, the market will adjust yields higher to attract additional buyers elsewhere. Typically Oklahoma bank-qualified bonds trade at a price premium (lower yields) to other state's issues. As Oklahoma banks fill their needs, however, there could be a window coming where Oklahoma BQ's are more appealing to general market buyers.

Keep your eyes open to what develops during the next couple of weeks in the bond world in the Sooner State. If you are an Oklahoma bank qualified municipal bond buyer, it could mean value and opportunity for your bank's municipal portfolio. On a wider scale, other states may also be experiencing a swelling supply. If so, there may also be an opportunity for value and better yields for other state buyers as well.