



PORTFOLIO MANAGER'S REPORT



Wednesday May 05, 2010 8:49 AM

Kansas City Office: (800) 288-5489

Oklahoma City Office: (866) 288-8823

Tulsa Office: (800) 288-1956

CURRENT OFFERING YIELDS - Wednesday: 05/05/2010 8:49 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	0.145%	-1.10 bp's	0.169%	0.420%			5-May	MBA Mortgage Applications	Prior: -2.9% Actual: 4.0%
6 mo	0.208%	-2.30 bp's	0.236%	0.511%			5-May	Challenger Job Cuts YoY	Prior: -55.0% Actual: -71.1%
12 mo	0.374%	-1.3 32'ds	0.474%	0.738%			5-May	ADP Employment Change	Prior: -23K Actual: 32K
2 yr	0.849%	+5.5 32'ds	1.048%	1.298%	1.749%	1.799%			
3 yr	1.322%		1.531%	1.925%	2.322%	2.422%			
5 yr	2.270%	+10.0 32'ds	2.495%	3.177%	3.120%	3.420%	DJIA	10,852.25	-74.52
10 yr	3.510%	+10.0 32'ds	3.776%	5.132%	4.460%	4.510%	NASDAQ	2,391.54	-32.71
30 yr	4.339%	+21.0 32'ds	4.924%	7.011%			S & P 500	1,161.70	-11.90

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

Treasury Cuts Size of Quarterly Refunding Sales for First Time Since 2007

May 5 (Bloomberg) -- The U.S. Treasury Department plans to sell \$78 billion in its quarterly sales of long-term debt next week, the first reduction in coupon sizes since May 2007, as a growing economy allowed the government to reduce borrowing. The Treasury said it will auction \$38 billion in three-year notes on May 11, \$24 billion in 10-year notes May 12 and \$16 billion in 30-year bonds May 13. The total amount was less than the median forecast in a Bloomberg News survey of bond dealers.

Today's Topic: Do Overs

Most of us are familiar with the term "ah-ha" moment. It's that moment in time when the light bulb comes on, everything clicks and there is absolute clarity in dealing with the matter at hand.

The opposite of this epiphany is the "oh darn!" moment. It happens to bond portfolio managers as they're reviewing purchases and all looks good until you stumble across an ugly duckling, wonder how it got there, and ask yourself what on earth you could have been thinking when you made that purchase decision.

Well guess what? It's Mulligan time! Just like the high handicap golfer looking for a second chance, you too have the opportunity to rid your portfolio of undesirable or underperforming bonds to improve your lie.

Interest rates have troughed at historically low levels for over a year now. It's time to review your holdings for sale candidates for their yield, duration or quality concerns. Or, maybe you simply want to capture gains on bonds owned well?...that works too. Rates won't stay low forever. Eventually, when they do rise, they'll probably move faster and farther than you imagine. Do your homework and consider selling these securities now. The market may not give you another chance to re-tee anytime soon.