



PORTFOLIO MANAGER'S REPORT



Wednesday May 12, 2010 8:58 AM

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CURRENT OFFERING YIELDS - Wednesday: 05/12/2010 8:58 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	0.152%	+ 0.50 bp's	0.187%	0.465%			12-May	Bloomberg Global Confidence	Prior: 67.57 Actual: 51.36
6 mo	0.221%	+ 0.10 bp's	0.252%	0.556%			12-May	MBA Mortgage Applications	Prior: 4.0% Actual: 3.9%
12 mo	0.376%	+ 0.2 32'ds	0.529%	0.783%			12-May	Trade Balance	Prior: -\$39.7B Actual: -\$40.4B
2 yr	0.855%	-1.5 32'ds	1.033%	1.329%	1.755%	1.805%			
3 yr	1.328%		1.488%	1.945%	2.328%	2.428%			
5 yr	2.272%	-2.4 32'ds	2.399%	3.177%	3.122%	3.422%		DJIA	10,818.09 69.83
10 yr	3.562%	-2.4 32'ds	3.751%	5.086%	4.512%	4.562%		NASDAQ	2,396.06 20.75
30 yr	4.453%	-10.0 32'ds	4.970%	6.965%				S & P 500	1,163.54 7.75

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 10-Year Notes Fall as Stocks Advance Before \$24 Billion Note Sale

May 12 (Bloomberg) -- Treasury 10-year notes declined as stock markets rose and the U.S. prepared to sell \$24 billion of the securities. The drop sent the yield to within 4 basis points of its highest this week. Two-year yields also advanced as the Stoxx Europe 600 Index rose 1.2 percent. Ten-year notes rose earlier on concern Europe's 750 billion-euro (\$949 billion) rescue plan won't fix the region's debt crisis. The trade deficit in the U.S. widened in line with forecasts, a report showed.

Today's Topic: Bloomberg Economic Survey for May

The monthly Bloomberg Economic Survey of 73 economists has been released and is listed below for your information. Of course, these are "best estimates" when it comes to projecting where the various economic indicators and market yields will actually end up.

BN U.S. Economic Forecasts: Bloomberg Monthly Survey (Table)
May 11 2010 0:00:00

By Alex Tanzi

May 11 (Bloomberg) -- The following table shows the median of 73 economists' forecasts for U.S. economic indicators as surveyed by Bloomberg from April 29 to May 10. When asked: What is the percentage chance of a double-dip recession happening over the next 12 months? The median estimate, of 49 economists who responded, put the odds at 15 percent, the same as last month.

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World Growth	2010	2011	2012	U.S. Growth	2010	2011	2012
May survey	3.9%	3.8%	3.8%	May survey	3.2%	3.1%	3.1%
April survey	3.6%	4.0%	n/a	April survey	3.0%	3.0%	3.2%
March survey	3.6%	4.0%	n/a	March survey	3.0%	3.0%	3.2%
Feb. survey	3.5%	4.0%	n/a	Feb. survey	3.0%	3.0%	3.4%
Jan. survey	3.3%	3.8%	n/a	Jan. survey	2.7%	2.9%	n/a
Dec. survey	3.5%	3.8%	n/a	Dec. survey	2.6%	3.0%	n/a
Nov. survey	3.3%	3.7%	n/a	Nov. survey	2.6%	3.0%	n/a
Oct. survey	2.9%	4.2%	n/a	Oct. survey	2.4%	2.8%	n/a
Sept. survey	3.0%	3.6%	n/a	Sept. survey	2.4%	2.9%	n/a

	2Q 2010	3Q 2010	4Q 2010	1Q 2011	Avg. 2010	Avg. 2011	Avg. 2012
GDP Annualized	3.3%	3.1%	3.0%	3.0%	3.2%	3.1%	3.1%
Previous survey	2.8%	2.8%	2.9%	2.8%	3.0%	3.0%	3.2%
Consumer spending	3.0%	2.7%	2.6%	2.5%	2.6%	2.7%	2.8%
Previous survey	2.5%	2.4%	2.4%	2.3%	2.3%	2.4%	2.6%
Core PCE YOY%	1.1%	1.2%	1.2%	1.3%	1.2%	1.5%	1.8%
Previous survey	1.2%	1.3%	1.3%	1.5%	1.3%	1.5%	1.8%
Current Acct. % GDP	-3.3%	-3.4%	-3.4%	-3.5%	-3.4%	-3.5%	-3.8%
Previous survey	-3.2%	-3.2%	-3.3%	-3.3%	-3.2%	-3.4%	-3.5%
Budget Deficit % GDP	-9.1%	-9.0%	-8.8%	-8.4%	-9.0%	-7.4%	-6.0%
Previous survey	-9.0%	-8.9%	-8.7%	-8.0%	-9.5%	-7.5%	-6.0%
CPI YOY%	2.2%	1.8%	1.7%	1.8%	2.0%	2.0%	2.4%
Previous survey	2.3%	1.9%	1.7%	1.7%	2.1%	2.0%	2.5%
	2Q 2010	3Q 2010	4Q 2010	1Q 2011	Avg. 2010	Avg. 2011	Avg. 2012
Unemployment rate	9.7%	9.5%	9.4%	9.2%	9.6%	8.9%	8.0%
Previous survey	9.6%	9.5%	9.4%	9.2%	9.6%	8.9%	8.1%
Fed funds target	0.25%	0.25%	0.50%	1.00%	1.50%	2.00%	2.38%
Previous survey	0.25%	0.25%	0.75%	1.00%	1.50%	2.00%	2.25%
Three-month libor	0.40%	0.44%	0.73%	1.15%	1.73%	2.20%	2.67%
Previous survey	0.34%	0.55%	0.81%	1.25%	1.55%	2.20%	2.75%
Two-year note	1.10%	1.30%	1.60%	2.20%	2.50%	2.75%	3.00%
Previous survey	1.20%	1.37%	1.73%	2.30%	2.65%	3.03%	3.37%

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