



PORTFOLIO MANAGER'S REPORT



Tuesday June 08, 2010 8:58 AM

Kansas City Office: (800) 288-5489

Oklahoma City Office: (866) 288-8823

Tulsa Office: (800) 288-1956

CURRENT OFFERING YIELDS - Tuesday: 06/08/2010 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	0.106%	-0.40 bp's	0.139%	0.435%			8-Jun	NFIB Small Business Optimism Prior: 90.6 Actual: 92.2
6 mo	0.196%	-1.00 bp's	0.261%	0.511%			8-Jun	IBD/TIPP Economic Optimism Prior: 48.7 Actual: ---
12 mo	0.315%	-0.3 32'ds	0.502%	0.708%			8-Jun	ABC Consumer Confidence Prior: -44 Actual: ---
2 yr	0.726%	-1.0 32'ds	0.933%	1.208%	1.626%	1.676%		
3 yr	1.137%		1.345%	1.793%	2.137%	2.237%		
5 yr	1.959%	-2.0 32'ds	2.168%	2.965%	2.809%	3.109%	DJIA	9,791.10 -25.39
10 yr	3.166%	-2.0 32'ds	3.368%	4.935%	4.116%	4.166%	NASDAQ	2,158.01 -15.89
30 yr	4.109%	-6.5 32'ds	4.638%	6.889%			S & P 500	1,048.20 -2.27

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 Three-Year Note Yield Rises From Near Lowest in 2010 Before Sale

June 8 (Bloomberg) -- Treasuries fell, pushing the yield on three-year notes up from almost the lowest level this year, before today's \$36 billion auction of the securities. Government bonds dropped as Federal Reserve Chairman Ben S. Bernanke told ABC News yesterday that the central bank will raise interest rates before the economy returns to "full employment." The U.S. will sell \$21 billion of 10-year notes tomorrow and \$13 billion in 30-year bonds the next day.

Today's Topic: Have Your Cake and Eat It Too

It is not often that you can have your cake and eat it too. With short-term rates near 0%, it is very difficult to justify staying too short. However, our Eurodollar Futures Timing Indicator (EFTI) is designed to time approximately when to get off the "ride the curve" train. Consider the bond described below, of which we are co-underwriter, which would set its coupon today at 1.03% for the first 3 month period, with upside protection to 3.50% LIBOR from the current .53%. The coupon cap is 4.00%. This may be the bond "no-brainer" you are looking for.

New Issue

FHLB 5 Year Capped Floater

3 month LIBOR +50

Issuer: Federal Home Loan Banks
 Structure: 5 year Noncallable
 Size: \$15 Million
 Maturity: 06/11/15
 Settlement: 06/11/10
 Coupon: 3 month LIBOR +50
 Reset: Quarterly
 Coupon Cap: 4.00 %
 Price: 100-00