



ALL STAR FINANCIAL

Contact Information: asf@allstarfinancial.com
Main Number 952-896-3820
 Bob Klefsaas 952-896-3816
 Maren Aipperspach 952-896-3817
 Bruce Bonner 952-896-3818
 Paul Sommerstad 952-896-3835
 Nick Hohn 952-896-3823
 Lee Clintsman 952-896-3829

Weekly Market Wrap February 12, 2007

Review - Week Ending 02/09/2007

The stock market was plodding along last week until Friday, when stocks took a dive on hawkish comments from Fed officials, suggesting the recent rebound in the economy could give rise to additional rate hikes down the road. Stocks closed down for the week. Market watchers will be closely watching incoming inflation data to see if Fed concerns are justified.

Commentary/Highlights

- The final full week of earnings plus a full economic calendar:

	<u>Economic</u>	<u>Consensus</u>		<u>Earnings</u>
Tue	International Trade	-\$59.5B	Mon	Administaff/NamTai/YUM
Wed	Retail Sales	+0.3%	Tue	KBHome/Marsh/American Cap/MetLife
Thu	Initial Claims	315K	Wed	Coke/Deere/Garmin/Baidu
	Industrial Production	0.0%	Thu	Expedia/Reliance Steel/Caribou
Fri	Housing/Building Permits	1600/1590K	Fri	Campbell/Hormel/Goodyear
	PPI/Core PPI	-0.6%/+0.2%		

Despite comments from the Fed on inflation, the actual economic data last week was generally strong. ISM Service expanded, chain store sales came in strong and job openings increased 3.2%, while productivity improved to 3.0%.

- The Fortress Group**, a hedge fund, real estate, and private equity firm catering to high-net worth wend public on Friday and soared 67% from its offering price. Goldman Sachs and Lehman Brothers were co-managers.
- The ISM Service Index jumped to 59.0 last week**, indicating that the service sector of the economy continues to expand at a robust pace despite housing and auto slumps.
- Fed officials comments on inflation on Friday sent a chill through the market** and removed any final hopes of an imminent interest rate cut and several market strategists see a possible hike ahead in 2007.
- India's industrial production surged by 11.1%** in December and a sixth rate hike is expected by India's central bank in an effort to cool the rapidly growing economy in world's largest democracy.
- Index News:** Russell released their new global indices last week, as the leading domestic index provider seeks to compete with S&P and MSCI, leading global benchmark providers. Also, Goldman Sachs sold their commodity index to S&P and appears to exiting the index business.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Lehman Aggregate Bond	+0.27%	+0.31%	+0.31%
Lehman High Yield	+0.60%	+1.92%	+1.92%
Dow Jones Industrial	-0.53%	+1.30%	+1.30%
S&P 500 Index	-0.68%	+1.58%	+1.58%
Russell 3000	-0.54%	+2.16%	+2.16%
MSCI EAFE Index	+0.38%	+2.43%	+2.43%
MSCI EAFE Small Cap	+0.72%	+0.72%	+4.24%
NASDAQ Composite	-0.65%	+1.84%	+1.84%
Russell 2000	-0.27%	+2.56%	+2.56%