

★ U.S. Economy

The Federal Reserve left policy rates unchanged at 5.25% in their late January FOMC meeting. Consumer confidence has continued to rise in January partially due to strong job growth and lower oil and gas prices. While investors were anticipating that the Fed would start lowering rates in the first quarter of 2007, the market is adjusting to the belief that these cuts are not forthcoming.

★ U.S. Bond Performance

In the first month of 2007, U.S. Treasury yields rose across the maturity spectrum from 25 basis points for one month issues to 12 basis points for 30 year issues. Performance was weak in January 2007 for the Lehman Global Aggregate and the U.S. Aggregate which lost 98 basis points and 4 basis points respectively as interest rates rose. The Lehman High Yield Bond index posted a 1.12% return in January 2007 while the Lehman Municipal Bond index lost 26 basis points.

TREASURY YIELDS							
<u>Maturity</u>	<u>1 Mo</u>	<u>3 Mos</u>	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>	<u>20 Yrs</u>	<u>30 Yrs</u>
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
1-31-07	5.00	5.12	5.09	4.82	4.83	5.02	4.93
Change	0.25	0.10	0.09	0.12	0.12	0.11	0.12
12-30-05	4.01	4.08	4.38	4.35	4.39	4.61	N.A.
12-29-06	4.75	5.02	5.00	4.70	4.71	4.91	4.81
Change	0.74	0.94	0.62	0.35	0.32	0.30	N.A.

Bond Indices - Total Return		
<u>Index</u>	<u>Jan 2007</u>	<u>2006</u>
Lehman Global Aggregate	(0.98)	6.64
Lehman U. S. Aggregate	(0.04)	4.33
Lehman Municipal Bond	(0.26)	4.84
Lehman U. S. Treasury 1-3 Year	0.21	3.92
Lehman High Yield Bond	1.12	11.85

★ U.S. Stock Market

The broad indices have returned between 1.91% to 1.99% during January 2007. The NASDAQ over the counter index return for January 2007 was 2.01%.

The three top performing sectors in the S&P 500 during January 2007 were: Materials 4.47%, Telecommunication Services 3.10%, and Health Care 3.01%. The bottom three S&P 500 sector performers were: Energy (1.85%), Utilities (0.38%) and Financials 0.70%.

In January 2007, the strongest performance was in the large and mid-cap growth styles while the lowest performance was in large cap value which was the leading style throughout most of 2006.

Broad Markets	Jan 2007	2006
NASDAQ Comp	2.01	9.51
MSCI-U.S. Broad	1.91	15.72
Russell 3000	1.90	15.71
PPCA Total	1.99	16.00
Morningstar	1.91	15.70

Large Cap Stocks	Jan 2007	2006
S & P 500	1.51	15.80
Russell 1000	1.93	15.46
Growth	2.57	9.07
Value	1.28	22.25
Morningstar	1.52	15.91
Growth	2.42	5.68
Value	0.58	25.79
Core	1.72	15.54
PPCA	1.55	15.58
Growth	3.17	8.77
Value	0.68	23.66
Core	1.20	9.55

S & P 500 Sector Performance		
Sector	Jan 2007	2006
Energy	(1.85)	22.22
Materials	4.47	15.73
Industrials	1.31	11.02
Consumer Discretionary	2.76	17.23
Consumer Staples	1.84	11.76
Health Care	3.01	5.78
Financials	0.70	16.16
Information Technology	1.57	7.70
Telecommunications Srvcs	3.10	32.13
Utilities	(0.38)	16.87
S&P 500	1.41	13.62

MidCap Stocks	Jan 2007	2006
S & P 400	3.63	10.32
Morningstar	3.39	14.32
Growth	3.73	9.63
Value	2.86	18.81
Core	3.57	14.72
PPCA	3.32	16.06
Growth	3.41	13.34
Value	2.68	17.78
Core	4.34	17.39

Small Cap Stocks	Jan 2007	2006
S & P 600	2.06	15.12
Russell 2000	1.67	18.37
Growth	1.86	13.35
Value	1.50	23.48
Morningstar	1.89	17.05
Growth	2.04	10.04
Value	1.66	20.03
Core	1.96	21.16
PPCA	1.55	17.87
Growth	1.95	13.65
Value	1.49	20.09
Core	1.23	19.11

For the month of January 2007, the EAFE index was up 68 basis points. The top three country performers were : Greece 6.18%, Norway 4.16%, and Singapore 3.92%. The bottom three country performers were: Ireland (4.82%), France (0.31%), and Canada (0.30%).

The MSCI Emerging Markets index was down (1.08%) in January 2007. During January, the top three performing countries were: Pakistan 15.86%, Morocco 11.08% and Malaysia 10.37%. The bottom three country performers for January were: Venezuela (33.82%), Hungary (6.37%) and Russia (5.23%).

The MSCI G7 index measures the performance of the world's seven most wealthy countries and includes the following, along with their respective percentage weightings: Canada (15%), U.S. (30%), Japan (20%), Germany (10%), France (10%), Britain (10%) and Italy (5%).

During the month of January, the G7 index returned 1.14%. The top three country performers were: the United States 1.78%, Germany 1.40% and Japan 0.85%. The bottom three country performers were: France (0.31%), Canada (0.30%) and Britain (0.16%).

Net Total Return of MSCI Indices (U.S. \$)		
Overseas Markets	Jan 2007	2006
The World Index	1.18	20.07
The World Index (Ex U.S.)	0.61	25.71
EAFE	0.68	26.34
Europe	0.58	33.72
Far East	1.02	8.79
Emerging Markets	(1.08)	32.17

G7-Developed Country Performance (U.S. \$) MSCI Indices		
Index	Jan 2007	2006
G7 Index	1.14	17.68
Britain	(0.16)	30.61
Canada	(0.30)	17.81
France	(0.31)	34.48
Germany	1.40	35.99
Italy	(0.06)	32.49
Japan	0.85	6.24
United States	1.78	14.68