



WACHOVIA
SECURITIES

Looking Ahead

BUSINESS DEVELOPMENT GROUP: MARKET COMMUNICATIONS

Friday, May 9, 2008

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Week of May 12 – May 16, 2008

“Faith is taking the first step even when you don’t see the whole staircase”.

- Martin Luther King Jr.

Traders took a moment to pause last week and reassess the financial landscape. Given the S&P 500 had recently risen over 13% since the collapse of Bear Stearns on March 17th, our Chief Market Strategist Al Goldman believes in the short-term the market may have gotten ahead of itself. As a result, he thinks the index could experience a pullback. Longer term he remains optimistic about the stock market as he sees the market is in the process of transitioning from bear to bull.

With the Fed expected to be finished with cutting interest rates for now, traders will turn their attention to the economic data this week. Following last week’s comments from Kansas City Fed President Hoehling that inflation pressures may cause the FOMC interest rates to move higher sooner, traders will be interested in Wednesday’s release of the April CPI figures and weekly crude inventories report. It will also be a big week on the manufacturing front, as the New York Empire State Index, Capacity Utilization, Industrial Production, and Philadelphia Fed are due out on Thursday. Further insight into consumer activity will come in the form of the Retail Sales figures due out on Tuesday and Friday’s April Michigan Sentiment.

Reviewing 1Q08 earnings to date, we have seen 441 of companies in the S&P 500 and 26 of the Dow Industrial components release profit results with 69% topping analyst’s already low expectations. According to Thomson Financial, the blended quarter’s growth rate (a combination of reported and estimated earnings) has declined 15.0% year over year, which compares the beginning of the year’s estimate of 5.7% growth. Energy continues to have the best growth (26%) of the 10 sectors in the index while financials remains the weakest (down 73%). Looking below the surface, Thomson points out that if the energy is removed from the S&P 500, growth for the remaining sectors would be negative 21.2%. Conversely, if the financials are taken out, growth would be around 8.0%. Exclude both sectors and growth would be around 4.0% for the quarter.

The earnings calendar begins to wind down as 20 S&P 500 and 2 Dow Industrial companies are scheduled to report this week. Following better than expected same-store sales reports from several companies last week, traders will be watching the retail sector as Wal-Mart, Kohls, JC Penney, Macy’s, Nordstrom’s, Abercrombie TJ Maxx and Dollar Thrifty are scheduled to release earnings. In the tech sector, computer hardware maker Hewlett Packard is slated to report Thursday after the close with analysts looking profits of \$0.84/share up from \$0.70/share a year ago. Other notable releases in tech include Applied Materials, Agilent, Autodesk, BMC Software Lam Research and Photronics. Rounding out the list of companies due to report earnings are Deere, troubled financials MBIA and Freddie Mac, Sprint, Electronic Arts, Diana Shipping, and Sony.

Scheduled EPS Releases**Monday, May 12**

Before Open		First Call	Year Ago
Bankunited Fincl	BKUNA	\$ (0.35)	\$ 0.64
Charter Comm	CHTR	\$ (0.75)	\$ (1.04)
Dollar Thrifty	DTG	\$ (0.18)	\$ 0.46
Double Hull Tankers	DHT	\$ 0.28	\$ 0.24
Emmis Comms	EMMS	\$ (0.17)	\$ (0.23)
GTX	GTXI	\$ (0.30)	\$ (0.23)
Holly	HOC	\$ 0.13	\$ 0.20
Imax	IMAX	\$ (0.14)	\$ (0.12)
IndyMac Banc	IMB	\$ (1.62)	\$ 0.70
JA Solar	JASO	\$ 0.10	\$ 0.07
Nu Horizons Elec	NUHC	\$ 0.08	\$ 0.05
Pacific Ethanol	PEIX	\$ (0.09)	\$ 0.05
PMI Group	PMI	\$ (1.73)	\$ 1.16
Radian Group	RDN	\$ (2.13)	\$ 1.42
Sprint Nextel	S	\$ 0.02	\$ 0.18
Standard Pacific	SPF	\$ (1.22)	\$ 0.62

After Close		First Call	Year Ago
Clearwire	CLWR	\$ (0.95)	\$ (0.64)
Cogent	COGT	\$ 0.08	\$ 0.06
Cousins Prop	CUZ	\$ 0.21	\$ 0.46
LDK Solar	LDK	\$ 0.39	n/a
McDermott	MDR	\$ 0.54	\$ 0.69
Progressive Gaming	PGIC	\$ (0.07)	\$ (0.25)
Radyne	RADN	\$ 0.11	\$ 0.10
Time Warner Tcom	TWTC	\$ (0.03)	\$ (0.10)

Tuesday, May 13

Before Open		First Call	Year Ago
Cameco	CCJ	\$ 0.37	\$ 0.10
Comverge	COMV	\$ (0.33)	\$ (0.37)
DISH Network	DISH	\$ 0.52	\$ 0.35
DRS Tech	DRS	\$ 1.21	\$ 1.11
FirstService	FSRV	\$ 0.06	\$ 0.15
Fossil	FOSL	\$ 0.40	\$ 0.36
Helen of Troy	HELE	\$ 0.29	\$ 0.30
IAMGOLD	IAG	\$ 0.13	\$ 0.14
Liz Claiborne	LIZ	\$ 0.11	\$ 0.22
MBIA Inc	MBI	\$ (0.19)	\$ 1.48
TJX Cos	TJX	\$ 0.40	\$ 0.37
Wal-Mart	WMT	\$ 0.75	\$ 0.68

After Close		First Call	Year Ago
Applied Materials	AMAT	\$ 0.22	\$ 0.33
Electronic Arts	ERTS	\$ -	\$ (0.06)
Hillenbrand	HI	n/a	n/a
Pan American Silver	PAAS	\$ 0.39	\$ 0.13
Whole Foods	WFMI	\$ 0.30	\$ 0.32

Wednesday, May 14

Before Open		First Call	Year Ago
Deere	DE	\$ 1.75	\$ 1.36
Diana Shipping	DSX	\$ 0.68	\$ 0.40
Freddie Mac	FRE	\$ (0.93)	\$ (0.46)
Jack In The Box	JBX	\$ 0.43	\$ 0.40
Macy's	M	\$ (0.02)	\$ 0.16
Nice Systems	NICE	\$ 0.36	\$ 0.20
PetMed Express	PETS	\$ 0.18	\$ 0.15
Sony	SNE	\$ 0.15	\$ (0.57)

After Close		First Call	Year Ago
Agilent	A	\$ 0.48	\$ 0.37
Ctrip.com	CTRP	\$ 0.18	\$ 0.13
Salary.com	SLRY	\$ (0.08)	\$ (0.44)
Teekay Shipping	TK	\$ 0.99	\$ 1.12

Thursday, May 15

Before Open		First Call	Year Ago
Blockbuster	BBI	\$ 0.14	\$ (0.33)
Echelon	ELON	\$ (0.16)	\$ (0.14)
Evercore	EVR	\$ 0.20	n/a
JC Penney	JCP	\$ 0.50	\$ 1.04
MF Global	MF	\$ (0.10)	n/a
O'Charley's	CHUX	\$ 0.24	\$ 0.36
Pioneer Drilling	PDC	\$ 0.24	\$ 0.34
Prestige Brands	PBH	\$ 0.19	\$ 0.17

After Close		First Call	Year Ago
Advance Auto	AAP	\$ 0.78	\$ 0.71
Autodesk	ADSK	\$ 0.48	\$ 0.34
BMC Software	BMC	\$ 0.51	\$ 0.42
Cinemark	CNK	\$ 0.07	\$ 0.20
Focus Media	FMCN	\$ 0.32	\$ 0.15
Hewlett-Packard	HPQ	\$ 0.84	\$ 0.70
Kohl's	KSS	\$ 0.42	\$ 0.64
Lam Research	LRCX	\$ 0.91	\$ 1.15
Longs Drug	LDG	\$ 0.61	\$ 0.56
LTX Corp	LTX	\$ 0.02	\$ (0.06)
Napster	NAPS	\$ (0.13)	\$ (0.17)
Nordstrom	JWN	\$ 0.50	\$ 0.60
PETsMART	PETM	\$ 0.31	\$ 0.34
Photronics	PLAB	\$ (0.05)	\$ 0.14
Salesforce.com	CRM	\$ 0.07	\$ 0.01

Friday, May 9

After Close		First Call	Year Ago
Abercrombie	ANF	\$ 0.65	\$ 0.65

Scheduled Economic Releases

	<u>Time (EST)</u>	<u>For</u>	<u>Consensus</u>	<u>Prior</u>
<u>Monday, May 12</u>				
Treasury Budget	2:00pm	Apr	\$157.5B	\$177.7B
<u>Tuesday, May 13</u>				
Export Prices (ex. Ag)	8:30am	Apr	n/a	1.2%
Import Prices (ex. Oil)	8:30am	Apr	n/a	1.1%
Retail Sales	8:30am	Apr	0.0%	0.2%
Retail Sales (ex. Auto)	8:30am	Apr	0.2%	0.1%
Business Inventories	10:00am	Mar	0.5%	0.6%
<u>Wednesday, May 14</u>				
Core CPI	8:30am	Apr	0.2%	0.2%
CPI	8:30am	Apr	0.3%	0.3%
Crude Inventories	10:30am	Wk 5/10	n/a	5.65m/bbl
<u>Thursday, May 15</u>				
Initial Claims	8:30am	Wk 5/10	n/a	365K
NY Empire State Index	8:30am	May	1.0%	0.6%
Net Foreign Purchases	9:00am	Mar	n/a	\$72.5B
Capacity Utilization	9:15am	Apr	80.2%	80.3%
Industrial Production	9:15am	Apr	-0.2%	0.3%
Philadelphia Fed	10:00am	May	-20.0	-24.9
<u>Friday, May 16</u>				
Building Permits	8:30am	Apr	912K	927K
Housing Starts	8:30am	Apr	940K	947K
Michigan Sentiment-Prel.	10:00am	May	63.0	n/a

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CAR 0508-86561 05/08

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