

For The Week Ended January 15, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:
Yields and Weekly Changes:

3 Mo. T-Bill	0.05 (+01 bps)	GNMA (30 Yr) 6% Coupon: 106-14/32 (2.95%)
6 Mo. T-Bill	0.13 (-01 bps)	Duration: 3.22 years
1 Yr. T-Bill	0.31 (-01 bps)	30-Year Insured Revs: 152.1% of 30 Yr. T-Bond
2 Yr. T-Note	0.86 (-10 bps)	Bond Buyer 40 Yield: 5.35% (-04 bps)
3 Yr. T-Note	1.43 (-10 bps)	Crude Oil Futures: 77.95 (-4.93)
5 Yr. T-Note	2.41 (-17 bps)	Gold Futures: 1133.70 (+3.70)
10 Yr. T-Note	3.67 (-16 bps)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	4.57 (-14 bps)	BB, 7-10 Yr. 7.44% (-05 bps)
		B, 7-10 Yr. 8.60% (-04 bps)

Treasury prices were higher for the week, showing their biggest one-week gain since November. A number of factors helped push factors higher. The fiscal troubles of Greece have sent some investors to the safety of Treasury debt. In addition, the 0.1% increase in CPI -- the smallest increase since July and below the expected 0.2% rise -- somewhat decreased fears of rising inflation. In addition, retail sales fell by 0.3% (0.2% excluding autos) versus an expected increase of 0.5% (0.3% excluding autos). While the longer-term trend shows increasing retail sales, the decline in December caused some pessimism as to the speed of the recovery, particularly in the important consumer segment. In more positive economic news, industrial production increased 0.6% in December, matching the consensus forecast. The Treasury auctioned \$84 billion in new debt last week -- a mix of 3-year, 10-year, 30-year, and inflation protected securities -- and all received fairly strong demand. Major economic reports (and related consensus forecasts) for next week include: Wednesday: December Producer Price Index (0.0%, Ex Food & Energy +0.1%) and December Housing Starts (575,000); Thursday: Initial Jobless Claims (440,000), January Philadelphia Fed (18.0), and December Leading Indicators (+0.7%).

US Stocks:
Weekly Index Performance

DJIA	10609.65 (-8.54,-0.08%)
S&P 500	1136.03 (-8.95,-0.78%)
S&P MidCap	743.11 (-8.97,-1.19%)
S&P Small Cap	338.54 (-2.93,-0.86%)
NASDAQ Comp	2287.99 (-29.18,-1.26%)
Russell 2000	637.96 (-6.60,-1.02%)

Market Indicators

Strong Sectors:	Health Care, Utilities, Consumer Goods
Weak Sectors:	Telecommunications, Basic Materials, Oil & Gas
NYSE Advance/Decline:	1,475 / 1,696
NYSE New Highs/New Lows:	810 / 3
AAll Bulls/Bears:	47.4% / 26.9%

US stocks reached a 15-month high Thursday before retreating on Friday and finishing down for the week. Investors ignored positive reports of manufacturing growing more than estimated in the New York area and a slowing cost of living report indicating a lower concern for inflation. Instead, the focus was squarely on quarterly earnings releases. **Alcoa** reported early in the week that profit was \$0.01 per share for the quarter which trailed analysts' expectations of \$0.06 per share. The stock slid over 8% for the week as investors were disappointed in the low profit despite strong aluminum prices. **Intel** reported record gross margin of 65% for the quarter and topped analysts' expectations for both revenue and earnings per share. Despite the great quarterly results, the stock slid over 3% Friday and finished about even for the week as investors' questioned whether Intel's margins have peaked. Even though quarterly earnings quadrupled at **JPMorgan Chase**, rising loan losses caused the stock to finish down over 2% for the week. Chinese internet search company **Bidu's** stock advanced almost 16% this week after Google threatened to pull out of the Chinese market because of concern over the Chinese government's censorship of its search results. Drug maker **Merck's** stock rose almost 5% this week after Credit Suisse upgraded the company on improved product prospects. Looking ahead to the coming week, earnings reports will continue to dominate investors' attention with **Citigroup, Wells Fargo, Morgan Stanley** and **Goldman Sachs** all due to report. Tech stocks will also be in the spotlight this week with **IBM, eBay** and **Google** reporting.