

For The Week Ended January 29th, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.06 (+02 bps)	GNMA (30 Yr) 6% Coupon: 106-25/32 (2.73%)
6 Mo. T-Bill	0.13 (unch.)	Duration: 3.12 years
1 Yr. T-Bill	0.27 (unch.)	30-Year Insured Revs: 154.6% of 30 Yr. T-Bond
2 Yr. T-Note	0.82 (+04 bps)	Bond Buyer 40 Yield: 5.39% (+07 bps)
3 Yr. T-Note	1.35 (-01 bps)	Crude Oil Futures: 72.75 (-1.44)
5 Yr. T-Note	2.33 (unch.)	Gold Futures: 1081.10 (-12.30)
10 Yr. T-Note	3.59 (unch.)	Merrill Lynch High Yield Indices:
30 Yr. T-Bond	4.49 (-02 bps)	BB, 7-10 Yr. 7.62% (+09 bps)
		B, 7-10 Yr. 8.81% (+12 bps)

Treasury prices closed the week little changed from their levels to open the week. Despite a decline in stock markets during the week, fixed income markets showed little movement. Prices had been lower across the board for the week before Friday's gains, mostly attributable to month-end buying from fund managers seeking to match benchmark indexes. The small Treasury declines from earlier in the week were driven in part by the more upbeat assessment of the economy by the Fed in conjunction with leaving its target funds rate unchanged. The struggles of Greece also helped push Treasury prices higher. Major economic reports (and related consensus forecasts) for next week include: Monday: December Personal Income (+0.3%) and Personal Spending (+0.3%) and January ISM Manufacturing (55.5, Prices Paid 62.4); Tuesday: January Domestic Vehicle Sales (10.90 million); Wednesday: January ISM Non-Manufacturing Composite (51.0); Thursday: 4Q Preliminary Nonfarm Productivity (6.0%) and Unit Labor Costs (-2.5%), Initial Jobless Claims (455,000), and December Factory Orders (0.5%); and Friday: January Employment report, including Change in Nonfarm Payrolls (13,000), Unemployment Rate (10.0%), Average Hourly Earnings (0.2%), and Average Weekly Hours (33.2), and December Consumer Credit (-\$9.5 billion).

US Stocks:

Weekly Index Performance

DJIA	10067.33 (-105.65,-1.0%)
S&P 500	1073.87 (-17.89,-1.6%)
S&P MidCap	702.80 (-18.84,-2.6%)
S&P Small Cap	321.14 (-7.91,-2.4%)
NASDAQ Comp	2147.35 (-57.94,-2.6%)
Russell 2000	602.04 (-15.08,-2.4%)

Market Indicators

Strong Sectors:	Financials, Consumer Staples, Consumer Discretionary
Weak Sectors:	Materials, Technology, Energy
NYSE Advance/Decline:	894 / 2,284
NYSE New Highs/New Lows:	188 / 22
AAII Bulls/Bears:	35.0% / 36.7%

US stocks fell for a third straight week as investors locked in recent gains and shed risk amid worries over political developments at home and sovereign credit trouble abroad. The week's losses completed a down month for stocks, only their second losing month in the past eleven. In January, the DJIA fell 3.5%, the S&P 500 lost 3.7%, the Nasdaq shed 5.4% and the Russell 2000 fell 3.7%. On Friday, news the economy grew at a faster than expected 5.7% clip in Q4 supported stocks early on but the rally was short-lived and stocks ended lower. Leading up to the state of the union address investors were worried about populist rhetoric directed against banks, but President Obama instead focused on jobs. Fed Chairman Bernanke's successful re-nomination came down to the wire. The FOMC left interest rates unchanged, but China's action to control bank lending had investors contemplating slower growth. Greece's fiscal troubles highlighted conflicting priorities facing the EU countries. **Apple's** earnings report was complicated by an accounting change but results were strong. The company unveiled its new iPad device to much fanfare. **Microsoft** reported much better than expected results boosted by consumer adoption of Windows 7, but the company noted enterprise demand had yet to return. **Amazon** reported robust profits. **Qualcomm** shares tumbled after the company gave disappointing guidance. **Ford** trumpeted market share gains and a projected return to profitability in 2010. **Procter & Gamble** reported better results after cutting prices. **Chevron's** profits were weighed down by its refinery operations. **Caterpillar** shares fell after the company guided 2010 earnings below consensus. Looking ahead, corporate earnings and Friday's January jobs report will share the spotlight this week. Though investors appear to be wary of stocks while job growth in the economy remains absent, low interest rates make competing asset classes look unattractive.