

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.14 (+01 bps)	GNMA (30 Yr) 6% Coupon:	110-04/32 (1.87%)
6 Mo. T-Bill:	0.17 (unch.)	Duration:	3.34 years
1 Yr. T-Bill:	0.25 (-01 bps)	30-Year Insured Revs:	157.8% of 30 Yr. T-Bond
2 Yr. T-Note:	0.57 (-1 bps)	Bond Buyer 40 Yield:	5.53% (-06 bps)
3 Yr. T-Note:	0.98 (unch.)	Crude Oil Futures:	91.67 (+3.64)
5 Yr. T-Note:	1.92 (-03 bps)	Gold Futures:	1361.40 (-7.50)
10 Yr. T-Note:	3.33 (+01 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.53 (+04 bps)	BB, 7-10 Yr.:	6.56% (-05 bps)
		B, 7-10 Yr.:	7.68% (-08 bps)

Treasury prices ended the week relatively flat with the exception of the 30-year which declined modestly in a week packed with economic releases and a total of \$66 billion in auctions of 3, 10 and 30-year securities. The Producer Price Index increased 1.1% in December, exceeding expectations of 0.8% and is up 4.0% year over year against expectations of 3.8%. Excluding food and energy, PPI increased 0.2%, matching expectations and is up 1.3% year over year, slightly below the estimate of 1.4%. The Consumer Price Index was 0.5% higher than the estimate of 0.4% and grew 1.5% year over year, more than the estimate of 1.3%. CPI excluding food and energy grew 0.1%, matching expectations and is up 0.8% year over year, slightly higher than the 0.7% estimate. Advanced retail sales for December increased 0.6%, below consensus expectations of 0.8%. Excluding autos, sales increased 0.5%, also lower than the estimate of 0.7%. Industrial Production in December increased 0.8%, beating expectations of 0.5% and Capacity Utilization in December was reported at 76.0%, which was higher than the estimate of 75.6%. The market was closed Monday, January 17th in observance of the Martin Luther King Day Holiday. Major economic reports (and related consensus forecasts) for next week include: Tuesday: January Empire Manufacturing Index (13.0); Wednesday: December Housing Starts (550,000, -0.9% MoM), December Building Permits (555,000, 2.0% MoM); Thursday: December Existing Home Sales (4.85 million, 3.6% MoM), Philadelphia Fed Index (20.0).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	11787.38 (+112.62,+1.0%)	Strong Sectors:	Energy, Financials, Technology
S&P 500:	1293.24 (+21.74,+1.7%)	Weak Sectors:	Telecomm, Health Care, Utilities
S&P MidCap:	931.07 (+20.54,+2.3%)	NYSE Advance/Decline:	2,085 / 1,067
S&P Small Cap:	426.04 (+9.98,+2.4%)	NYSE New Highs/New Lows:	524 / 172
NASDAQ Comp:	2755.30 (+52.13,+1.9%)	AAll Bulls/Bears:	52.3% / 23.4%
Russell 2000:	807.57 (+19.74,+2.5%)		

US stocks extended their winning streak to seven weeks despite mixed earnings and economic data. US industrial production showed improvement while retail sales and consumer sentiment disappointed and jobless claims rose. Earnings season got underway with mixed results. **Alcoa** posted solid earnings due to higher prices and strong end markets though sales were light. **Intel** beat on both the top and bottom line but shares fell. The semiconductor equipment group was boosted by Intel's positive comments regarding 2011 capital spending. **JPMorgan** reported strong YoY earnings gains amid lower loan loss reserves and strong revenues. **Hasbro** lowered 4Q and 2011 forecasts citing softness in North America. **SuperValu** shares fell after it missed earnings and lowered its 2011 outlook. **Verizon** shares fell following its announcement that it will offer the iPhone in early February. **Coinstar** shares plunged after lowering 4Q expectations due to its Redbox unit. **NVIDIA** gained after reaching a patent licensing deal with Intel. **Target** announced it acquired leases on 200+ Canadian locations as it seeks to expand north and it will exit its credit card business. **Merck** slipped after stopping trials for anti-blood clotting drug Vorapaxar. **ITT** shares surged after announcing plans to split into three companies. **Marathon Oil** shares gained as well on plans to spin off its refining business. In merger news, **Duke Energy** will buy **Progress Energy** for \$13.7 billion and **Cliffs Natural Resources** will buy **Consolidated Thompson** for \$4.9 billion to expand in Asia. Looking ahead, earnings season kicks into high gear this week with **Apple**, **IBM** and **Google** among those reporting. With expectations rising into earnings season, investors will be scouring reports for any signs of weakness before committing more capital.