

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (-02 bps)	GNMA (30 Yr) 6% Coupon:	109-21/32 (2.51%)
6 Mo. T-Bill:	0.14 (-01 bps)	Duration:	3.58 years
1 Yr. T-Bill:	0.25 (-02 bps)	30-Year Insured Revs:	153.4% of 30 Yr. T-Bond
2 Yr. T-Note:	0.74 (-08 bps)	Bond Buyer 40 Yield:	5.63% (-13 bps)
3 Yr. T-Note:	1.30 (-09 bps)	Crude Oil Futures:	86.15 (+0.57)
5 Yr. T-Note:	2.26 (-08 bps)	Gold Futures:	1388.20 (+28.30)
10 Yr. T-Note:	3.58 (-04 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.68 (unch.)	BB, 7-10 Yr.:	6.42% (-08 bps)
		B, 7-10 Yr.:	7.43% (-07 bps)

Treasury prices ended the week generally higher as investors weighed multiple key economic reports, continuing geopolitical risk in the middle east, and anticipated \$99 billion in Treasury auctions next week. Prices were higher Tuesday as January advance retail sales and retail sales excluding autos increased 0.3% vs. the estimate of 0.5%. Prices fell Wednesday as January housing starts increased 14.6% to 596,000, significantly higher than the estimate of 1.9% and the January Producer Price Index (PPI) increased 0.8%, matching expectations. Excluding food and energy, PPI increased 0.5% beating expectations of 0.2%. The Producer Price Index is up 3.6% year over year. The Consumer Price Index (CPI) grew 0.4% in January, higher than the estimate of 0.3% and increased 0.2% excluding food and energy. CPI is up 1.6% year over year. Major economic reports (and related consensus forecasts) for next week include: Tuesday: February Richmond Fed Manufacturing Index (18); Wednesday: January Existing Home Sales (5.20 million, -1.50% MoM); Thursday: January Durable Goods Orders (3.0%, 0.50% Excluding Transportation), January New Home Sales (300,000, -8.8% MoM); Friday: 4th Quarter GDP (3.3% Annualized), 4th Quarter Personal Consumption (4.20%), February U of M Consumer Confidence (75.4).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12391.25(+117.99,+1.0%)	Strong Sectors:	Energy, Health Care, Consumer Discretionary
S&P 500:	1343.01 (+13.86,+1.0%)	Weak Sectors:	Telecom Svcs., Utilities, Industrials
S&P MidCap:	982.17 (+12.67,+1.3%)	NYSE Advance/Decline:	2,147 / 1,011
S&P Small Cap:	441.28 (+6.00,+1.4%)	NYSE New Highs/New Lows:	704 / 29
NASDAQ Comp:	2833.95 (+24.51,+0.9%)	AAll Bulls/Bears:	46.6% / 25.6%
Russell 2000:	834.82 (+12.71,+1.6%)		

US stocks extended their winning streak to three weeks while reaching new multi-year highs. The gains came against a backdrop of budget battles in Congress, spreading unrest in the Middle East, hotter inflation data at home and monetary tightening in China. Along the way the S&P 500 hit a milestone at double its lowest intraday level from March 2009. January retail sales and industrial production were weaker than expected but leading indicators and the Philadelphia Fed report were stronger than expected. As the pace of earnings releases subsided, M&A activity generated considerable buzz. **Deutsche Boerse** announced a \$10 billion takeover of **NYSE Euronext** in a deal that would create the world's largest exchange operator. **Sanofi-Aventis** came to an agreement with **Genzyme** to buy the biotech concern for \$20.1 billion cash. **Family Dollar** shares surged after the company got a \$7 billion all-cash offer from a private investment group. **EchoStar** agreed to buy **Hughes Communications** for \$1.3 billion. In other corporate actions, **Williams Cos.** announced it would spin off its E&P unit to shareholders on an undisclosed timeline. **Marriott International** announced it intends to spin off its timeshare operations into a separate publicly-traded company. **Dell** reported a stronger than expected bottom line as margins surprised positively. Dell guided 2012 revenues above consensus estimates. **Deere & Co.** reported strong earnings and revenues up 27% over the prior year. Deere also raised forward guidance. **Cliffs Natural Resources** reported higher than expected earnings that were boosted by iron ore and coal prices. **FedEx** cut 3Q earnings guidance citing weather and fuel prices. Its shares ended the week higher regardless. Looking ahead, the coming week brings still fewer earnings reports though some important ones from key retailers including **Wal-Mart** and **Home Depot**. Reports on existing home sales and durable goods orders will also attract attention. Though stocks may be due for a pause, positive forces at work in the US economy are likely to keep investors interested in stocks for some time to come.