

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.04 (+02 bps)	GNMA (30 Yr) 6% Coupon:	113-06/32 (1.10 %)
6 Mo. T-Bill:	0.06 (+01 bps)	Duration:	3.62 years
1 Yr. T-Bill:	0.10 (unch.)	30-Year Insured Revs:	202.6% of 30 Yr. T-Bond
2 Yr. T-Note:	0.24 (+02 bps)	Bond Buyer 40 Yield:	4.67% (+04 bps)
3 Yr. T-Note:	0.37 (+03 bps)	Crude Oil Futures:	98.70 (-0.24)
5 Yr. T-Note:	0.89 (+10 bps)	Gold Futures:	1667.20 (+36.40)
10 Yr. T-Note:	2.02 (+16 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.10 (+19 bps)	BB, 7-10 Yr.:	6.28% (-07 bps)
		B, 7-10 Yr.:	7.91% (-10 bps)

Treasury prices fell during the holiday shortened week as US economic data continued to outweigh European debt concerns. Yields were unchanged on Tuesday even as the Empire Manufacturing Index and China's 4th Quarter GDP report rose more than expected. Treasuries were lower on Wednesday as news of a deal on Greek debt may be reached by the end of the week. Industrial Production expanded slightly below projections of 0.5% at 0.4%. Prices fell the most so far this year on Thursday as initial jobless claims declined to 352,000 filings against the anticipated 384,000. Housing starts were lower than expected while the CPI Index grew exactly in line with expectations. Yields rose again on Friday as European debt concerns continued to ease and existing home sales in the US increased just below expectations at 5% month over month. Major economic reports (and related consensus forecasts) for next week include: Tuesday: January Richmond Fed Manufacturing Index (7); Wednesday: December Pending Home Sales (-1.0% MoM) and FOMC Rate Decision (0.25%); Thursday: December Durable Goods Orders (+2.0%, +0.9% Excluding Transportation), Initial Jobless Claims (370,000), December Leading Indicators (+0.7%) and December New Home Sales (320,000, +1.6% MoM); Friday: 4th Quarter Annualized GDP (+3.0%), 4th Quarter GDP Price Index (+3.0%) and 4th Quarter Personal Consumption (+2.4%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12720.48 (+298.42,+2.40%)	Strong Sectors:	Technology, Oil & Gas, Consumer Services
S&P 500:	1315.38 (+26.29,+2.04%)	Weak Sectors:	Utilities, Consumer Goods, Telecom
S&P MidCap:	930.62 (+24.03,+2.65%)	NYSE Advance/Decline:	2,414 / 730
S&P Small Cap:	438.68 (+11.46,+2.68%)	NYSE New Highs/New Lows:	292 / 36
NASDAQ Comp:	2786.70 (+76.03,+2.80%)	AAII Bulls/Bears:	47.2% / 23.6%
Russell 2000:	784.62 (+20.42,+2.67%)		

Stocks advanced this week as companies reported strong, albeit slowing, revenue growth during the 4th quarter. Investor sentiment seems to be becoming more positive as the amount of short interest on stocks is at its lowest level in at a year. Last year's laggards are some of the best performing stocks so far in 2012 with the 50 worst-performing stocks in the S&P 500 last year up about 11% this year. **Bank of America** reported better-than-expected revenue on Thursday. The stock is now up about 27% this year and is the best-performing member of the Dow. Both **Morgan Stanley** and **Goldman Sachs** also beat analysts' profit expectations. However, the quarter was not as impressive at **Citigroup**, which reported disappointing revenue and net income. Shares of **Microsoft** bounced after the company's efforts to trim expenses led to an earnings beat for the quarter. **Google** reported that continued economic problems in Europe and Germany in particular, hurt the company's revenue which caused a pullback in the shares. The networking equipment maker **F5 Networks'** shares jumped after the firm issued a positive earnings outlook for the current quarter. Shares of **Johnson Controls** slipped after the company warned that 2012 earnings would be less than forecast. The gold miner **Kinross Gold** delayed feasibility studies for several mines which caused analysts to cut their positions in the stock. Looking ahead to the coming week, investors will be watching on Wednesday when the Federal Open Market Committee's members' projected policy rates should be made public. **Halliburton**, **Texas Instruments**, **Verizon** and **Johnson & Johnson** are among the companies due to report earnings this week.

