

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (-06 bps)	GNMA (30 Yr) 6% Coupon:	112-04/32 (1.24%)
6 Mo. T-Bill:	0.09 (-04 bps)	Duration:	3.45 years
1 Yr. T-Bill:	0.13 (-04 bps)	30-Year Insured Revs:	151.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.24 (unch.)	Bond Buyer 40 Yield:	4.02% (+0.13 bps)
3 Yr. T-Note:	0.34 (+02 bps)	Crude Oil Futures:	86.74 (-0.81)
5 Yr. T-Note:	0.69 (+07bps)	Gold Futures:	1695.80 (-8.20)
10 Yr. T-Note:	1.70 (+08 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.86 (+05 bps)	BB, 7-10 Yr.:	5.18% (-05 bps)
		B, 7-10 Yr.:	6.35% (-09 bps)

Treasuries were slightly higher on the short end of the curve, but fell on the long end of the curve as Fed Chairman Ben Bernanke announced a clearer picture of when rates will rise from current levels. Yields were relatively unchanged Monday, but modestly higher on Tuesday as Greece bought back enough bonds to qualify for aid from the IMF. Prices were lower again on Wednesday as the Fed announced that it will buy \$45 billion of government debt a month and will keep rates low at least until the jobless rate is below 6.5% and as long as inflation stays below 2.5%. Thursday saw little change even as retail sales and initial jobless claims were better than expected. Treasuries increased Friday as industrial production was higher than anticipated, but no progress was made on the US fiscal cliff. Major economic reports (and related consensus forecasts) for next week include: Monday: December Empire Manufacturing Index (-1.00); Wednesday: November Housing Starts (874,000 annualized, -2.2% MoM) and November Building Permits (875,000 annualized, +0.8% MoM); Thursday: 3rd Quarter GDP (2.8%), 3rd Quarter Personal Consumption (+1.4%), Initial Jobless Claims (360,000), December Philadelphia Fed Index (-3.0) and November Existing Home Sales (4.90 million annualized, +2.3% MoM); Friday: November Personal Income and Spending (+0.3% and +0.4%, respectively), November Durable Goods Orders (0.5%), Durable Goods Ex Transportation (-0.2%) and December U. of Michigan Confidence (75.0).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	13135.01 (-20.12, -.15%)	Strong Sectors:	Info Tech, Materials, Cons. Discretionary
S&P 500:	1413.58 (-4.49, -.32%)	Weak Sectors:	Utilities, Health Care, Industrials
S&P MidCap:	1001.53 (-1.18, -.12%)	NYSE Advance/Decline:	1,390 / 1,762
S&P Small Cap:	461.40 (-74, -.16%)	NYSE New Highs/New Lows:	264 / 85
NASDAQ Comp:	2971.33 (-6.71, -.23%)	AAll Bulls/Bears:	43.2% / 30.2%
Russell 2000:	823.75 (1.48, .18%)		

Despite the Fed's announcement they will expand quantitative easing in 2013, stocks slipped last week. This can perhaps be attributed to Congress's lack of progress on the approaching fiscal cliff. Last week, it was announced that banking giant, **HSBC**, will have to pay fines of \$1.92 billion for their role in ignoring money laundering. The Department of Justice accused the bank of allowing drug cartels to launder billions of dollars across borders and conducting transactions on behalf of customers located in Cuba, Iran and Sudan. Another bank facing profit and regulatory challenges is **Deutsche Bank**. The German lender warned that they will take significant charges in the fourth quarter which could result in the bank posting a loss. In addition, the bank is being investigated for potential involvement in fixing LIBOR rates. **Apple's** share price fell 4.4% last week and now trades for 11.5 times its trailing earnings. This is despite posting impressive annual revenue and earnings growth of 43.62% and 59.5%, respectively. Mining equipment maker, **Joy Global**, closed the week up 7.3% on the back of quarterly results. The company beat earnings by 11.34%, but guided expectations down, specifically stating that miners may reduce capital expenditures by 10% to 15% in 2013. The U.S. Treasury has completed the sale of its shares in **AIG**. Total, U.S. taxpayers have made a gain of \$22.7 billion on the rescue of the insurer. Looking ahead, it's expected to be a slow week heading into the holiday. **Biglari Holdings** owner of Steak n' Shake will report earnings on Monday and be joined by **FedEx** and **General Mills** on Wednesday. Markets will trade during normal hours this week, but the following Monday, Christmas Eve, the NYSE will trade using a shortened holiday schedule.