

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (+01 bps)	GNMA (30 Yr) 6% Coupon:	112-24/32 (1.16%)
6 Mo. T-Bill:	0.12 (+02 bps)	Duration:	3.66 years
1 Yr. T-Bill:	0.15 (+02 bps)	30-Year Insured Revs:	240.2% of 30 Yr. T-Bond
2 Yr. T-Note:	0.27 (+04 bps)	Bond Buyer 40 Yield:	4.60% (+03 bps)
3 Yr. T-Note:	0.38 (+06 bps)	Crude Oil Futures:	99.04 (+1.20)
5 Yr. T-Note:	0.82 (+05 bps)	Gold Futures:	1723.30 (-14.60)
10 Yr. T-Note:	1.98 (+06 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.13 (+01 bps)	BB, 7-10 Yr.:	6.03% (-02 bps)
		B, 7-10 Yr.:	7.66% (unch.)

Treasuries finished the week modestly lower as there were only a small number of economic data points in the US and headline reports from Europe were mixed. Prices were slightly higher on Monday after Greece's Prime Minister requested briefings on the consequences of a Greek default. Yields were higher on Tuesday on weaker than recent Treasury auction demand and encouraging reports about progress on Greek austerity measures. After virtually no change on Wednesday, yields were once again higher Thursday as initial jobless claims were lower than expected. Prices were higher on Friday as concern over Greek default flared once more and U of M consumer confidence fell to 72.5 versus the anticipated 74.8. Major economic reports (and related consensus forecasts) for next week include: Tuesday: January Import Price Index (+0.3%, +7.2% YoY), January Advance Retail Sales (+0.8%, +0.5% excluding autos); Wednesday: February Empire Manufacturing Index (14.8), January Industrial Production (+0.6%), January Capacity Utilization (78.6%) and minutes of FOMC meeting released; Thursday: January Producer Price Index (+0.4%, +4.1% YoY), January Producer Price Index Ex Food and Energy (+0.2%, +2.7% YoY), Initial Jobless Claims (365,000), January Housing Starts (671,000, +2.1%), January Building Permits (680,000, +1.3%), February Philadelphia Fed Index (9.0); Friday: January Consumer Price Index (+0.3%, +2.8% YoY), January Consumer Price Index Ex Food and Energy (+0.2%, +2.2% YoY) and January Leading Indicators (+0.5%).

Weekly Index Performance:		Market Indicators:	
DJIA:	12,801.23 (-61.00, -0.47%)	Strong Sectors:	Information Technology, Consumer Staples, Consumer Discretionary
S&P 500:	1,342.64 (-2.26, -0.17%)	Weak Sectors:	Materials, Financials, Health Care
S&P MidCap:	964.49 (-6.76, -0.70%)	NYSE Advance/Decline:	1,254 / 1900
S&P Small Cap:	453.00 (-10.56, -2.28%)	NYSE New Highs/New Lows:	374 / 15
NASDAQ Comp:	2,903.88 (-1.78, -0.06%)	AAll Bulls/Bears:	51.6% / 20.2%
Russell 2000:	813.33 (-17.78, -2.14%)		

Two weeks ago brought the best performing week of 2012 for the S&P 500 Index with a return of 2.22%. This past week was the worst and first negative week of the year with a return of -0.12%, killing the five week streak in positive territory. Europe is still a concern to investors. Ben S. Bernanke, chairman of the US central bank, said that while the Federal Reserve sees a moderate recovery, there are some risks to the recovery such as Europe's fiscal, sovereign and banking issues. Standard & Poor's Rating Services cut the credit ratings of 34 out of the 37 Italian banks they rate. The US had positive economic news with initial jobless claims decreasing the past week to 358K from 367K the prior week and a consensus of 370K. This week's claims were the second lowest since early 2008 with claims peaking at 659K in late March 2009. While the jobless claims were lower, the University of Michigan Survey of Consumer Confidence Sentiment came in slightly lower than expected at 72.5 from last month's 75.0. Economist consensus was 74.5. The top performing sector for the week was information technology up 1.33% with no other sector up over 1.00%. Consumer staples and consumer discretionary returned 0.28% and 0.23% respectively. The materials sector performed the worst of all ten sectors returning -2.16%. Financials and health care returned -1.18% and -0.97% respectively. **Computer Sciences**, a consulting and information technology services company turned in the best performance in the S&P 500 with a 15.68% return and **Akamai Technologies** a close second with 14.25% return. **JDS Uniphase**, **Abercrombie & Fitch** and **Ralph Lauren** all returned over 10.00%. **Lorillard**, **Tesoro** and **Apple** were some of the companies that returned over 7.00% for the week. Next week will bring more earnings news from companies such as **Comcast**, **Apache**, **General Motors**, **MetLife**, **Deere**, **Duke Energy** and **CBS**.