

| US Economy and Credit Markets |                |                                   |                         |
|-------------------------------|----------------|-----------------------------------|-------------------------|
| Yields and Weekly Changes:    |                |                                   |                         |
| 3 Mo. T-Bill:                 | 0.07 (-01 bps) | GNMA (30 Yr) 6% Coupon:           | 112-24/32 (1.42%)       |
| 6 Mo. T-Bill:                 | 0.11 (-01 bps) | Duration:                         | 3.67 years              |
| 1 Yr. T-Bill:                 | 0.15 (unch.)   | 30-Year Insured Revs:             | 198.2% of 30 Yr. T-Bond |
| 2 Yr. T-Note:                 | 0.29 (+02 bps) | Bond Buyer 40 Yield:              | 4.57% (-03 bps)         |
| 3 Yr. T-Note:                 | 0.41 (+03 bps) | Crude Oil Futures:                | 103.24 (+4.57)          |
| 5 Yr. T-Note:                 | 0.86 (+04 bps) | Gold Futures:                     | 1724.50 (+1.20)         |
| 10 Yr. T-Note:                | 2.00 (+02 bps) | Merrill Lynch High Yield Indices: |                         |
| 30 Yr. T-Bond:                | 3.14 (unch.)   | BB, 7-10 Yr.:                     | 5.97% (-06 bps)         |
|                               |                | B, 7-10 Yr.:                      | 7.60% (-05 bps)         |

Generally improving US economic data and increased optimism that Greece will be able to secure an aid package from European leaders lead treasuries lower for the third consecutive week. On Monday, treasuries closed higher when Moody's Investor Service cut credit ratings on six European countries, increasing demand for safe assets. News was mixed mid-week as People's Bank of China Governor Zhou Xiaochun said that China would participate in aiding Europe, but speculation still surrounded an announcement from European officials on progress toward a Greek aid package on Wednesday. Advance retail sales ex autos, reported on Tuesday, beat consensus (.6% vs. .5% survey) but sales with autos missed expectations (.4% vs. .8% survey). More mixed U.S. data was released on Wednesday with Empire State Manufacturing beating expectations (19.5 vs. 15) and Industrial Production flat in January following an upward December revision. On Thursday, yields jumped when U.S. jobless benefits dropped unexpectedly and January housing starts were reported at 699,000 vs. a 675,000 estimate. In addition, it was reported that the ECB would exchange current Greek debt for new instruments, adding to treasuries decline. This positive sentiment carried through to Friday and treasuries finished modestly lower across the board. Major economic reports (and related consensus forecasts) for the coming shortened holiday week include: Wednesday: January Existing Home Sales (355,000) and sales MoM change (+.9%), December house price index MoM (+.1%); Thursday: U. of Michigan February Consumer Confidence (72.8) and January New Home Sales (315k) and sales MoM (2.6%).

| US Stocks                 |                           |                          |   |
|---------------------------|---------------------------|--------------------------|---|
| Weekly Index Performance: |                           | Market Indicators:       |   |
| DJIA:                     | 12949.87 (+148.64,+1.16%) | Strong Sectors:          | Oil & Gas, Technology, Telecom          |
| S&P 500:                  | 1361.23 (+18.59,+1.38%)   | Weak Sectors:            | Utilities, Basic Materials, Industrials |
| S&P MidCap:               | 984.60 (+20.11,+2.09%)    | NYSE Advance/Decline:    | 2,185 / 972                             |
| S&P Small Cap:            | 461.77 (+8.77,+1.94%)     | NYSE New Highs/New Lows: | 362 / 7                                 |
| NASDAQ Comp:              | 2951.78 (+47.90,+1.65%)   | AAII Bulls/Bears:        | 42.7% / 26.6%                           |
| Russell 2000:             | 828.68 (+15.35,+1.89%)    |                          |   |

Investors shrugged off the latest developments from the seemingly never-ending Greek debt negotiations and instead focused on good economic numbers in the US and companies' strong earnings reports. Both the Nasdaq and the Dow Jones Industrial Average indexes touched 52-week highs this week while the S&P 500 fell just shy of joining them at the top. Each one of the ten sectors finished the week in positive territory, led by energy companies whose shares were boosted by higher oil prices. Shares of **General Motors** shot up on Thursday after the auto maker reported its largest annual profit in the company's history. Lowering its earnings forecast after weak margins last quarter was not enough to prevent shares of **Fossil** to soar as the company reported that sales rose an impressive 19% last quarter. **Ancestry.com's** shares took a hit despite reporting a 60% increase in EPS as customer acquisition costs rose to an all-time high. A higher-than-expected forecast for production volume growth in 2012 led shares of the oil & gas producer **Cimarex Energy** to skyrocket on Wednesday. Cloud computing server provider **Rackspace Hosting** reported strong growth in both sales and profit last quarter which caused the shares to advance for the week. Poor pricing in semiconductors caused revenue to fall 16% last quarter sending shares of **MEMC Electronic Materials** lower for the week. Looking ahead to the coming shorten week, investors will be watching for the release of the January Existing Home Sales on Wednesday and the January New Home Sales report to be released on Friday. **Oneok, Home Depot, Range Resources, Kraft Foods** and **Hewlett-Packard** are among the companies due to report earnings this week.