

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (unch.)	GNMA (30 Yr) 6% Coupon:	111-20/32 (1.43%)
6 Mo. T-Bill:	0.10 (-01 bps)	Duration:	3.58 years
1 Yr. T-Bill:	0.13 (-01 bps)	30-Year Insured Revs:	142.6% of 30 Yr. T-Bond
2 Yr. T-Note:	0.25 (-02 bps)	Bond Buyer 40 Yield:	4.02 (-09 bps)
3 Yr. T-Note:	0.37 (-02 bps)	Crude Oil Futures:	93.70 (+0.61)
5 Yr. T-Note:	0.78 (-03 bps)	Gold Futures:	1662.30 (+13.40)
10 Yr. T-Note:	1.87 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.05 (-05 bps)	BB, 7-10 Yr.:	5.12% (-04 bps)
		B, 7-10 Yr.:	6.19% (-08 bps)

Treasury prices ended the week modestly higher after last week's sharp selloff following fiscal cliff negotiations. Treasury prices were higher Tuesday with solid demand for the auction of \$32 billion of 3-year notes. The Treasury Department sold \$21 billion of 10-year notes on Wednesday to poor demand as indirect and direct bidders bought less than at recent auctions. Prices were pressured Thursday as ECB President Mario Draghi made positive comments, Spain had a strong bond auction and Chinese trade data surprised to the upside reducing demand for the safety of U.S. debt despite a solid auction for \$13 billion of 30-year bonds. The November trade balance was reported Friday at a \$48.7 billion deficit, much greater than the survey estimate of \$41.3 billion. Major economic reports (and related consensus forecasts) for next week include: Tuesday: January Empire Manufacturing Index (0.00), December Advance Retail Sales (0.2%), December Producer Price Index (-0.1% MoM, 1.5% YoY); Wednesday: December Consumer Price Index (0.0% MoM, 1.8% YoY), December Industrial Production (0.3%), December Capacity Utilization (78.5%); Thursday: December Housing Starts (890,000, 3.4% MoM), January Philadelphia Fed. (6.0); Friday: January U. of M. Consumer Confidence (75.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	13,488.43 (53.22, 0.40%)	Strong Sectors:	Health Care, Materials, Info Tech
S&P 500:	1,472.05 (5.58, 0.38%)	Weak Sectors:	Utilities, Industrials, Telecom Services
S&P MidCap:	1057.91 (1.84, 0.17%)	NYSE Advance/Decline:	1,937 / 1,208
S&P Small Cap:	492.06 (-0.56, -0.11%)	NYSE New Highs/New Lows:	578 / 16
NASDAQ Comp:	3,125.64 (23.98, 0.77%)	AAll Bulls/Bears:	46.5% / 26.9%
Russell 2000:	880.77 (1.62, 0.18%)		

Last week, the S&P 500 Index had positive performance with a 0.43% return. This followed a 2.84% return for the previous week's first three days of 2013 which included a 2.56% return for the first trading day of the year. This single day performance was better than any trading day in 2012. The first full trading week of the year opened down from the previous week's close as investors had concerns over the coming fourth quarter earnings season. Both Monday and Tuesday closed down 31 and 29 basis points, respectively. Wednesday shifted the momentum in the other direction as Alcoa reported good earnings with revenues well above expectations and raised its global demand forecast. Thursday's 0.76% return was the best performing day of the week. Investors switched their focus to positive data out of Europe and Asia which led to optimism about the possibility of a recovery in the global economy. Friday closed flat after a volatile trading day. US initial jobless claims came in at 371K. That was an unexpected increase from the previous week's revised number of 367K and more than the consensus of 365K. Six of the ten economic sectors had positive performance and two were flat last week. The health care sector was the best performing sector with a 2.02% return for the week. Materials and information technology sectors followed with 0.89% and 0.58% returns, respectively. Utilities' -1.02% return was the worst performance of all the sectors and was followed by telecommunication services' return of -0.98%. **Best Buy Co. Inc.**, which retails consumer electronics and appliances, and **Celgene Corp.**, a global biopharmaceutical company, turned in the two best performances in the S&P 500 Index with a 17.34% and 17.27% gain respectively. The next two best performers were **Micron Technology Inc.** and **Harman International Industries Inc.** with returns of 8.33% and 7.94%, respectively. This week will bring earnings news from financials and other companies such as **General Electric Co.**, **JPMorgan Chase & Co.**, **Bank of America Corp.**, **Citigroup Inc.**, **Intel Corp.**, **Schlumberger Ltd.**, **Goldman Sachs Group Inc.**, **UnitedHealth Group Inc.**, and many more.