

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (unch.)	GNMA (30 Yr) 6% Coupon:	112-04/32 (1.26%)
6 Mo. T-Bill:	0.10 (unch.)	Duration:	3.60 years
1 Yr. T-Bill:	0.13 (unch.)	30-Year Insured Revs:	142.5% of 30 Yr. T-Bond
2 Yr. T-Note:	0.25 (unch.)	Bond Buyer 40 Yield:	4.95 (-07 bps)
3 Yr. T-Note:	0.37 (unch.)	Crude Oil Futures:	95.37 (+1.81)
5 Yr. T-Note:	0.76 (-02 bps)	Gold Futures:	1684.90 (+24.30)
10 Yr. T-Note:	1.84 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.03 (-02 bps)	BB, 7-10 Yr.:	5.11% (-02 bps)
		B, 7-10 Yr.:	6.16% (-03 bps)

Yields on Treasury securities drifted lower this week, but ultimately finished relatively unchanged as investors weighed a mix of positive economic data against concern surrounding the debate over the U.S. debt ceiling. On Monday, treasuries gained ahead of major economic reports and headlines touting political disagreements over the U.S. debt ceiling. On Tuesday, December Advance Retail Sales grew a more than expected .5%, beating the .2% consensus but January Empire Manufacturing fell -7.78, and treasuries nudged higher. On Wednesday, the December Consumer Price Index was flat on a monthly basis and Industrial Production rose .3%, in-line with expectations. The World Bank also cut its forecast for global growth due to austerity and high unemployment, while continued debate in Washington over the U.S. debt ceiling caused treasuries to rally. On Thursday, December Housing Starts surged 12.1% to 954K adding to signs that the economic recovery is strengthening and Treasuries dropped, according to Bloomberg. On Friday, treasuries gained to finish flat on the week, as January U. of Michigan Confidence was reported at 71.3, and investors weighed prospects for a short term lift in the U.S. Debt Ceiling before limits are reached between mid-February and March. Major economic reports (and related consensus forecasts) for the shortened holiday week next week include: Tuesday: Dec. Existing Home Sales (1.2% MoM) and Jan. Richmond Fed Manufacturing Activity Index (5); Wednesday: Nov. home Price Index (.7% MoM); Thursday: Dec. Leading Indicators (.4% MoM); Friday: Dec. New Home Sales (2.1% MoM).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	13649.7 (161.27, 1.23%)	Strong Sectors:	Energy, Industrials, Cons. Discretionary
S&P 500:	1485.98 (13.93, 0.96%)	Weak Sectors:	Telecom, Info. Tech., Financials
S&P MidCap:	1073.93 (16.02, 1.53%)	NYSE Advance/Decline:	2,197 / 968
S&P Small Cap:	500.06 (8, 1.63%)	NYSE New Highs/New Lows:	660 / 18
NASDAQ Comp:	3134.71 (9.07, 0.29%)	AAll Bulls/Bears:	43.9% / 27.3%
Russell 2000:	892.8 (12.03, 1.37%)		

The week ended with the Dow Jones Industrial Average reaching a 5 year high with a closing level of 13,649. The U.S. stock markets continue to plow higher despite a subpar recovery rate. The debt ceiling debate continues to rage in Washington as the mid-February to early March deadline approaches. Also in the news from Washington, Congress will not be paid if they do not pass a budget on time; the last time a budget was passed was April 29, 2009. This week, **Dell Inc.** announced they are discussing going private with at least two firms which sent the stock up nearly 13%. **Research In Motion Ltd.** continued its early year rally (up 33.4%) as their new BlackBerry 10 operating system continues to get press. **Intel Corp.** was down 6% as earnings beat estimates, but missed on revenues as weak PC demand continues to erode confidence in the company. **Morgan Stanley** was up nearly 8% after announcing earnings and revenue that beat estimates, as their global wealth business continues to perform above expectations. **General Electric Co.** was up over 3% as the company announced earnings that beat estimates, their jet engine and oil service businesses continue to do very well. **State Street Corp.** announced that fourth-quarter profits rose 15% which sent the company stock up 5.9%. Earnings season continues next week with **Du Pont**, **Verizon Communications Inc.**, **Johnson & Johnson**, **JPMorgan Chase & Co.**, **Wal-Mart Stores Inc.**, **Cisco Systems Inc.**, **Blackstone Group LP**, **Facebook Inc.** and **Coca-Cola Co.** all expected to report.