

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (unch.)	GNMA (30 Yr) 6% Coupon:	113-01/32 (0.96%)
6 Mo. T-Bill:	0.11 (+01 bps)	Duration:	3.62 years
1 Yr. T-Bill:	0.14 (+01 bps)	30-Year Insured Revs:	137.4% of 30 Yr. T-Bond
2 Yr. T-Note:	0.27 (+02 bps)	Bond Buyer 40 Yield:	3.97 (+02 bps)
3 Yr. T-Note:	0.42 (+05 bps)	Crude Oil Futures:	96.00 (+0.44)
5 Yr. T-Note:	0.85 (+09 bps)	Gold Futures:	1658.00 (-29.00)
10 Yr. T-Note:	1.94 (+10 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.13 (+10 bps)	BB, 7-10 Yr.:	5.06% (-04 bps)
		B, 7-10 Yr.:	6.10% (-06 bps)

Treasury yields were higher across the board this week driven by Friday's price decline as European banks began to repay ECB loans in portions that were larger than expected. This caused riskier investments such as European and U.S. equities to climb and Treasury prices to fall. Tuesday showed a decline in existing housing sales in December of 1.0% against expectations of 1.2% growth, which caused Treasury prices to climb, despite the Bank of Japan announcing a program of open-ended asset purchases. Treasury prices rose slightly on Wednesday as the U.S. House of Representatives voted to extend the debt ceiling for 3 months. On Thursday, lower than expected initial jobless claims caused Treasury prices to drop as riskier equities rose. Treasury prices dropped significantly on Friday as the large European bank loan repayments overshadowed a drop in December new home sales of 7.3% against estimates of 2.1% growth. Major economic reports (and related consensus forecasts) for next week include: Monday: Dec. Durable Goods Orders (2.0%), Dec. Pending Home Sales (0.2% MoM, 12.5% YoY); Tuesday: Nov. S&P/Case-Shiller Composite (0.7% MoM, 5.5% YoY); Wednesday: 4Q 2012 GDP (1.2% Annualized), 4Q 2012 Personal Consumption (2.1%), FOMC Rate Decision (0.25%); Thursday: Dec. Personal Income (0.8%), Dec. Personal Spending (0.3%); Friday: Jan. Change in Nonfarm Payrolls (160,000), Jan. Unemployment Rate (7.8%), Jan. U. of Michigan Confidence (71.5), Jan. ISM Manufacturing Index (50.5), Jan. Total Vehicle Sales (15.2 Million Annualized), Jan. Domestic Vehicle Sales (11.97 Million Annualized).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	13895.98 (246.28, 1.8%)	Strong Sectors:	Cons. Discretionary, Financials, Energy
S&P 500:	1502.96 (16.98, 1.15%)	Weak Sectors:	Info Tech, Cons. Staples, Telecom
S&P MidCap:	1095.26 (21.33, 1.99%)		
S&P Small Cap:	508.47 (8.41, 1.69%)	NYSE Advance/Decline:	2,181 / 957
NASDAQ Comp:	3149.712 (15.01, 0.48%)	NYSE New Highs/New Lows:	794 / 32
Russell 2000:	905.24 (12.44, 1.4%)	AAll Bulls/Bears:	52.3% / 24.3%

Last week, the Dow closed up 246.28 points or 1.8%. Stocks were aided by good news from weekly jobless-benefits claims which fell to a five year low. Also impacting markets was Congress's decision to delay a vote over the government debt limit extending talks until May 19th. The *Wall Street Journal* reported that **Microsoft** has expressed interest helping desktop maker, **Dell** go private. Currently, the hardware maker is in talks with Silver Lake Partners over a potential buy-out. **Apple** took down consensus 2013 estimates from \$49 a share to \$45 a share. As a result, the stock dropped 12% in the last week. After last week's fall, Apple is no longer the most valuable company as measured by market cap. The company now ranks second to **Exxon**. Also during the week, shares in **McDonald's** rose 1.58%. The company reported a rebound in US sales and a rise in quarterly profit of 1.4%. Outdoing McDonald's was **NetFlix** which saw shares soar more than 70% after it reported better-than-expected earnings of \$.13 a share. Analysts were expecting a loss of \$.12 a share. Perhaps more importantly, the company reported it added more than two million subscribers during the quarter, an impressive number even many bullish analysts were not expecting. Friday, economic bell weather, **Caterpillar** reported disappointing monthly dealer sales. The equipment maker announced December rolling three month dealer sales had decreased 1%. The company has had a challenging seven days after announcing writedowns of \$585 million after announcing accounting misconduct occurred at their Chinese acquisition, Era Mining Machinery. Finally, late Friday, men's retailer **Jos. A. Bank**, provided an earnings warnings saying the company's fiscal year 2012 earnings would be 20% lower than the previous year. Looking to this week, the market will be busy digesting several earnings reports. **Caterpillar, Yahoo, VMWare, Ford, Harley Davidson, Pfizer, Amazon, Conoco** and **Exxon** will all report earnings.