

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.10 (+03 bps)	GNMA (30 Yr) 6% Coupon:	113-02/32 (1.31%)
6 Mo. T-Bill:	0.12 (+01 bps)	Duration:	3.70 years
1 Yr. T-Bill:	0.15 (+01 bps)	30-Year Insured Revs:	137.2% of 30 Yr. T-Bond
2 Yr. T-Note:	0.27 (+02 bps)	Bond Buyer 40 Yield:	4.04 (+02 bps)
3 Yr. T-Note:	0.42 (+05 bps)	Crude Oil Futures:	95.95 (+0.23)
5 Yr. T-Note:	0.86 (+03 bps)	Gold Futures:	1607.50 (-58.50)
10 Yr. T-Note:	2.00 (+05 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.18 (+02 bps)	BB, 7-10 Yr.:	5.27% (-05 bps)
		B, 7-10 Yr.:	6.34% (-06 bps)

Treasuries fell last week on mixed auction results and reaction to good economic data. On Tuesday, the Treasury Department held an auction of \$32 billion that sold at the highest auction yield since April. This caused Treasury prices to fall significantly on low demand from indirect bidders, which include foreign central banks. Wednesday's auction also caused Treasury prices to fall as yields were pushed to the highest level since March, while advance retail sales for January were in line with analyst expectations. On Thursday, the \$16 billion auction had different results as Treasury prices rebounded on very high demand and news that economies in both Japan and the euro-zone shrank more than analyst expectations. Thursday's sharp decline of U.S. jobless claims had little effect on reducing Treasury prices. On Friday, Treasury prices fell again after better than expected data from the February Empire Manufacturing and U. of Michigan Confidence indexes. The slight drop in January Industrial Production had little impact on the falling Treasury prices. Major economic reports (and related consensus forecasts) for next week include: Wednesday: January Housing Starts (920,000), January Building Permits (920,000), January Producer Price Index (0.4% MoM, 1.5% YoY); Thursday: January Consumer Price Index (0.1% MoM, 1.6% YoY), February Philadelphia Fed. (1.0), January Existing Home Sales (4,900,000).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	13981.76 (0.08%)	Strong Sectors:	Industrials, Financials Cons. Discretionary
S&P 500:	1519.79 (0.20%)	Weak Sectors:	Info. Tech., Telecom, Energy
S&P MidCap:	1115.75 (0.64%)	NYSE Advance/Decline:	1,735 / 1,437
S&P Small Cap:	516.43 (0.86%)	NYSE New Highs/New Lows:	688 / 47
NASDAQ Comp:	3192.03 (-0.03%)	AAll Bulls/Bears:	42.3% / 28.7%
Russell 2000:	923.15 (1.07%)		

Equities had a relatively stable week as the S&P 500 edged marginally higher. On Wednesday the S&P 500 did reach its highest level since October 2007 as jobless claims came in below consensus. Thursday, global economic data indicated that the recession in the euro area could be worsening. In Japan GDP shrank 0.4% amid falling exports and slowing business metrics. **General Electric Co.** climbed over 3% after agreeing to sell its remaining stake in NBC Universal to **Comcast Corp.** The deal, valued around \$17b, will allow General Electric to focus more on the industrial portion of their business. Warren Buffet's **Berkshire Hathaway Inc.** together with 3G Capital agreed to purchase **H.J. Heinz Co.** for an estimated \$27b in cash. These deals pushed overall U.S. merger and acquisition activity to \$146b for the year, which surpasses the \$100b in the first two months of 2012. **Cisco Systems Inc.** was down slightly as they announced 3rd quarter revenue will only be up 4-6% from last year which disappointed the market. **MetLife Inc.** retreated 2.2% on Wednesday as the largest U.S. life insurer said 4th quarter profits declined 87% on costs tied to lower interest rates and annuities. **Whole Foods Inc.** dropped nearly 10% as they lowered 2013 sales forecasts. **Walmart Inc.** fell 2.2% on Friday, after e-mails obtained by Bloomberg News showed company executives are worried that payroll-tax increase on shoppers is already slowing the economy; the company is expected to report earnings next Thursday. Looking ahead, earnings season continues as **Dell Inc.**, **CF Industries Holdings Inc.**, **Walter Energy Inc.**, **Toll Brothers Inc.**, **Macy's Inc.**, **DISH Network Corp.**, **Chesapeake Energy Corp.** and **American International Group Inc.** are all expected to report. Monday the markets are closed for President's Day.