

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.12 (+02 bps)	GNMA (30 Yr) 6% Coupon:	113-08/32 (1.20%)
6 Mo. T-Bill:	0.13 (+01 bps)	Duration:	3.71 years
1 Yr. T-Bill:	0.15 (+01 bps)	30-Year Insured Revs:	138.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.25 (-01 bps)	Bond Buyer 40 Yield:	4.06 (+02 bps)
3 Yr. T-Note:	0.39 (-02 bps)	Crude Oil Futures:	93.42 (-2.44)
5 Yr. T-Note:	0.83 (-03 bps)	Gold Futures:	1572.40 (-36.40)
10 Yr. T-Note:	1.96 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.15 (-02 bps)	BB, 7-10 Yr.:	5.28% (+01 bps)
		B, 7-10 Yr.:	6.35% (+01 bps)

Treasury yields were modestly lower this week as economic data and potential concern over the upcoming budget sequester may have lifted demand for the safety of U.S. debt. Yields ended higher Tuesday in anticipation of Wednesday's release of FOMC minutes and positive German investor sentiment. Wednesday, January housing starts were reported to have declined more than expected while January Producer Price Index increased 0.2% vs. expectations of 0.3% growth and the Fed released the minutes from the January meeting showing that policy makers continue to debate the timing of pulling back from quantitative easing. Thursday, January CPI was flat vs. expectations of 0.1% growth and existing home sales in January increased 0.4%, beating estimates of a decline of 0.8%. Major economic reports (and related consensus forecasts) for next week include: Monday: February Dallas Fed Manufacturing Activity (3.0); Tuesday: December S&P / Case-Shiller 20 City Composite (0.60% MoM, 6.60% YoY), December Richmond Fed Manufacturing Index (-3), January New Home Sales (380,000 annualized, 3.0% MoM); Wednesday: January Durable Goods Orders (-4.6%), January Pending Home Sales (1.6% MoM, 6.9% YoY); Thursday: 4th Quarter 2012 GDP (0.5% annualized), 4th Quarter Personal Consumption (2.3%), February Chicago PMI (54.1); Friday: January Personal Income and Spending (-2.3% and 0.2% respectively), February U of M Consumer Confidence (76.3), January Construction Spending (0.4%), February ISM Manufacturing (52.5), February Total and Domestic Vehicle Sales (15.10M and 12.0M respectively, annualized).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	14000.57 (0.19%)	Strong Sectors:	Cons. Staples, Telecom, Utilities
S&P 500:	1515.6 (-0.22%)	Weak Sectors:	Materials, Cons. Discretionary, Info Tech
S&P MidCap:	1103.7 (-1.06%)	NYSE Advance/Decline:	1,386 / 1,767
S&P Small Cap:	512.53 (-0.74%)	NYSE New Highs/New Lows:	576 / 82
NASDAQ Comp:	3161.818 (-0.9%)	AAll Bulls/Bears:	41.8% / 32.5%
Russell 2000:	916.15 (-0.74%)		

Markets were mostly down slightly during the four days following President's Day. The S&P 500 experienced its largest two-day drop since November, falling more than 28 points after the Fed released its minutes. Surprising many investors was the performance of Gold. It closed Friday at \$1,581.16 an ounce, an 11.78% drop from its 52-week high of \$1,792.42 an ounce. Mandiant, a cybersecurity consulting firm, issued a highly detailed and scathing report on the extent of hacking originating from China. The report pointed specifically to attacks originating from a group within the People's Liberation Army. Recently, **News Corp's** the *Wall Street Journal* and the *New York Times* had been targets of the group. **Apple** investor David Einhorn of Greenlight Capital succeeded in his legal effort to prevent the company from holding a vote on an investor proposal that would limit management's ability to issue preferred stock. Mr. Einhorn has proposed an alternative plan to distribute the preferred stock to shareholders as a way of returning cash to investors. The FBI joined the SEC in its investigation of Swiss brokerage accounts suspected of insider trading ahead of **Berkshire Hathaway's** acquisition of **Heinz**. **Office Depot** and **OfficeMax** are in talks to team up in a "merger of equals". Office Depot, which would be the acquirer in the proposed acquisition, saw its shares drop 8.28% last week. OfficeMax's shares fared much better gaining 14.14%. **Wal-Mart** disappointed investors by issuing a cautious outlook for same-store sales that would be flat when compared to the previous year. Looking ahead, **3D Systems**, **Lowe's Companies**, **Ecolab**, **Macy's** and **Target** will all report earnings. The coming week marks the unofficial end to earnings season as companies that have a December 31st year-end must file their 10K's with the SEC by Friday.