

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.06 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-10/32 (1.25%)
6 Mo. T-Bill:	0.10 (-01 bps)	Duration:	3.61 years
1 Yr. T-Bill:	0.13 (-01 bps)	30-Year Insured Revs:	134.9% of 30 Yr. T-Bond
2 Yr. T-Note:	0.26 (-01 bps)	Bond Buyer 40 Yield:	4.02 (+05 bps)
3 Yr. T-Note:	0.40 (-01 bps)	Crude Oil Futures:	97.65 (+1.77)
5 Yr. T-Note:	0.90 (+05 bps)	Gold Futures:	1668.30 (+11.70)
10 Yr. T-Note:	2.03 (+09 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.23 (+10 bps)	BB, 7-10 Yr.:	5.23% (+17 bps)
		B, 7-10 Yr.:	6.28% (+18 bps)

Longer dated Treasury yields were higher this week as the market seemed to react to the positive reports from otherwise relatively mixed economic releases. Treasuries were modestly lower Monday following a weak 2-year auction while durable goods orders in December surprised to the upside and pending home sales were reported down in December and lower year over year than consensus estimates. The S&P Case-Shiller 20 City Home Price Index increased 0.63% in November vs. the estimate of 0.70%. The index is 5.52% higher year over year, slightly below estimates of 5.5%. Wednesday, 4Q2012 annualized GDP reportedly contracted 0.1%, surprising analysts who expected growth of 1.1% while the FOMC kept the target range for the federal funds rate at 0.0 – 0.25% and maintained its open ended commitment to purchase \$40 billion in mortgage backed securities and \$45 billion in long term treasuries. Nonfarm payrolls were released Friday, increasing 157,000 in January and the previous two months were revised higher while the unemployment rate for January ticked up to 7.9%. The ISM manufacturing index beat estimates as did U of M Consumer confidence which contributed to the weekly decline in Treasury prices. Major economic reports (and related consensus forecasts) for next week include: Monday: January New York ISM (52.0), December Factory Orders (2.2%); Tuesday: January ISM Non-Manufacturing Composite (55.0); Thursday: 4Q2012 Nonfarm Productivity (-1.4%), 4Q2012 Unit Labor Costs (3.0%), December Consumer Credit (\$13.4B); Friday: December Trade Balance (-\$46.0B), December Wholesale Inventories (0.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	14,009.79 (+0.83%)	Strong Sectors:	Telecom Services, Utilities, Information Technology
S&P 500:	1,513.17 (+0.72%)	Weak Sectors:	Consumer Discretionary, Materials, Industrials
S&P MidCap:	1,101.59 (+0.47%)	NYSE Advance/Decline:	1,764/ 1,384
S&P Small Cap:	509.43 (+0.21%)	NYSE New Highs/New Lows:	725/ 48
NASDAQ Comp:	3,179.10 (+0.95%)	AAll Bulls/Bears:	48.0% / 24.3%
Russell 2000:	911.20 (+0.68%)		

Last week, the S&P 500 Index had positive performance with a 0.72% return. It was the fifth straight week of positive returns for the index. The index hasn't produced a negative week in 2013 and has returned 6.24% YTD. After eight straight positive trading days, the index closed down 18 basis points on Monday. Tuesday brought several positive earnings reports which helped push the market up 0.52% for the day. Wednesday closed down as the FOMC (Federal Open Market Committee) issued a statement that economic growth has stalled which was confirmed by the 0.1% contraction in output represented in the fourth quarter GDP numbers. Thursday closed down also as US initial jobless claims came in higher than expected at 368K. That was a big jump from the previous week's number of 330K and more than the consensus of 350K. Friday, however brought positive employment data that helped the market show a very strong day with a 1.01% return and put the index back in positive territory for the week. Non-Farm Payrolls showed another hiring increase with 157,000 payrolls added in January, following two very strong months in December and November. Eight of the ten economic sectors had positive performance for the week. The telecommunication services sector was the best performing sector with a 3.61% return. Utilities and information technology sectors followed with 1.21% and 1.20% returns, respectively. Consumer discretionary's -0.90% return was the worst performance of all the sectors and was followed by materials and industrials which returned -0.65% and 0.08% respectively. **Valero Energy Corp**, an independent petroleum refining and marketing company, turned in the best performance in the S&P 500 Index with a 17.72% gain. The next two best performers were **Hess Corp** and **Pitney Bowes Inc.** with returns of 15.81% and 13.74% respectively. This week will bring earnings news from several companies such as **Philip Morris International Inc.**, **Visa Inc.**, **The Walt Disney Co.**, **News Corp**, **CVS Caremark Corp**, **Time Warner Inc.**, **Anadarko Petroleum Corp**, **Automatic Data Processing Inc.**, **Kraft Foods Group Inc.**, **Prudential Financial Inc.**, **The Allstate Corp**, and many more.