

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (+06 bps)	GNMA (30 Yr) 6% Coupon:	111-12/32 (2.04%)
6 Mo. T-Bill:	0.08 (+02 bps)	Duration:	3.65 years
1 Yr. T-Bill:	0.11 (+02 bps)	30-Year Insured Revs:	145.11% of 30 Yr. T-Bond
2 Yr. T-Note:	0.31 (-02 bps)	Bond Buyer 40 Yield:	4.89 (-01 bps)
3 Yr. T-Note:	0.64 (-03 bps)	Crude Oil Futures:	100.16 (+2.67)
5 Yr. T-Note:	1.48 (-01 bps)	Gold Futures:	1,263.30 (+23.2)
10 Yr. T-Note:	2.69 (+04 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.68 (+08 bps)	U.S. High Yield:	6.37% (unch.)
		BB:	5.05% (unch.)
		B:	6.35% (-01 bps)

United States Fiscal Policy is again affecting the Treasury market and the 3-Month T-Bill yield went up six basis points as the Treasury warned that measures to stay under the debt ceiling will probably be exhausted in the next three weeks. The debt ceiling suspension agreed upon in October expired on Friday, February 7th and extraordinary measures are being used to keep the debt under its congressional limit. The Mid-Term denominated debt on the yield curve is being favored versus the Short and Long-Term denominated notes. Friday's January Private Sector Non-Farm Payroll Numbers were below expectations for the second consecutive month. While the non-farm payrolls added 113,000 jobs in January and a revised 75,000 in December, these were disappointing vs expectations and the retail sector shed jobs following the holiday season. The report showed the unemployment rate at 6.6% which is very close to the 6.5% Federal Reserve threshold for discussing potential rate hikes. Monday and Tuesday's ISM index reports showed a decline in Manufacturing to 51.3 and a rise in non-manufacturing to 54. Thursday's Non-Farm productivity numbers were positive as they increased at a 3.2% annual rate in the fourth quarter. Major economic reports (and related consensus forecasts) for the upcoming week include: Wednesday: MBA Mortgage Applications; Thursday: January Retail Sales (unch.), Initial Jobless Claims (330,000, -1,000); Friday: February Industrial Production (.2%, -.1%), February University of Michigan Confidence (80.5).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	15,794.08 (+0.61%)	Strong Sectors:	Consumer Discretionary, Materials, Financials
S&P 500:	1,797.02 (+0.81%)	Weak Sectors:	Telecom, Utilities, Consumer Staples
S&P MidCap:	1,308.39 (-0.36%)	NYSE Advance/Decline:	1,721/ 1,473
S&P Small Cap:	631.37 (-1.22%)	NYSE New Highs/New Lows:	132/ 196
NASDAQ Comp:	4,125.86 (+0.54%)	AAll Bulls/Bears:	27.9%/ 36.4%
Russell 2000:	1,116.55 (-1.27%)		

Equity markets rebounded from a slow start to the week, with the S&P 500 Index posting its best two-day rally since October to finish the week. Despite the January job report missing expectations, the economic recovery is still intact with 113,000 jobs added. In addition, the ISM Manufacturing Index reading of 51.3 was below consensus of 56.0, but still showed expansion as levels over 50 signal growth in manufacturing. With over two-thirds of S&P 500 members reporting earnings to date, company fundamentals remain strong as the average beat on the top and bottom lines is larger than last quarter. **Yum! Brands Inc.** surged after reporting expanding margins in China and announcing earnings guidance up 20% for 2014. **Walt Disney Co.** posted better-than-expected earnings as the hit film, "Frozen," boosted the animation studio's earnings. **Twitter Inc.** tumbled after reporting weaker-than-expected growth as usage fell to 148 billion views from 159 billion views in the previous quarter. **Green Mountain Coffee Roasters Inc.** jumped on news that **Coca-Cola Co.** was buying a 10% stake in the firm. Shares gained 33% for the week as investors regained confidence in the company, which has been under attack by short-sellers. **Michael Kors Holdings Ltd.** boosted full-year sales and profit estimates as it continues to take share from its competitors. Looking ahead to next week, Janet Yellen's testimony to congress and the retail sales report will be closely watched by investors. **American International Group Inc., PepsiCo Inc., Cisco Systems Inc., Deere & Co. and Whole Foods Market Inc.** are all expected to announce earnings next week.