

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (-03 bps)	GNMA (30 Yr) 6% Coupon:	111-04/32 (2.13%)
6 Mo. T-Bill:	0.05 (-01 bps)	Duration:	3.63 years
1 Yr. T-Bill:	0.09 (-01 bps)	30-Year Insured Revs:	147.2% of 30 Yr. T-Bond
2 Yr. T-Note:	0.33 (-01 bps)	Bond Buyer 40 Yield:	4.90 (+03 bps)
3 Yr. T-Note:	0.67 (-06 bps)	Crude Oil Futures:	97.46 (+0.82)
5 Yr. T-Note:	1.49 (-05 bps)	Gold Futures:	1,240.10 (-24.20)
10 Yr. T-Note:	2.65 (-07 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.60 (-03 bps)	U.S. High Yield:	6.37% (+07 bps)
		BB:	5.05% (+06 bps)
		B:	6.36% (+05 bps)

Treasury prices rose significantly over the course of the week on a volatile and poor equity market. On Wednesday, the Federal Reserve announced that it would continue to taper bond purchases by another \$10 billion, which caused equities to drop significantly and gold to drop 1.9%. This actually caused Treasury prices to rise as investors were seeking the safety of Treasuries. On Monday, Treasury prices dropped on a poor housing report but rebounded Tuesday on a solid 2-year auction and a poor durable goods report. After Wednesday's gain, prices dropped again on Thursday after the annualized 4Q GDP was announced at an expected rate of 3.2%. However, this risk appetite disappeared on Friday as investors took a much more risk-adverse approach due to mixed economic data and fears of a slowdown in emerging markets. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: January ISM Manufacturing (56.0); Tuesday: December Factory Orders (-1.8%); Wednesday: ISM Non-Man. Composite (53.7); Thursday: February 1 Initial Jobless Claims (335,000); Friday: January Change in Nonfarm Payrolls (180,000), January Unemployment Rate (6.7%).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	15698.85 (-1.14%)	Strong Sectors:	Utilities, Health Care, Materials
S&P 500:	1782.59 (-0.41%)	Weak Sectors:	Info Tech., Cons. Staples., Energy
S&P MidCap:	1313.03 (-0.06%)	NYSE Advance/Decline:	1,451 / 1,756
S&P Small Cap:	639.51 (-1.20%)	NYSE New Highs/New Lows:	138 / 171
NASDAQ Comp:	4103.878 (-0.57%)	AAII Bulls/Bears:	32.2% / 32.8%
Russell 2000:	1130.85 (-1.15%)		

U.S. equity markets ended a seesaw week on a down note as the S&P 500 had a -0.41% return for the week. Despite a -3.5% return for the S&P 500 in January, the worst January return since 2010, the index last finished a week below 1,782 on 12/13/2013, a mere 32 trading days ago. Emerging markets had a particularly poor week, MSCI Emerging Markets index had a -1.34% return, as slower Chinese growth and currency weakness in Turkey and South Korea wreaked havoc on returns. This week marked Fed Chairman Ben Bernanke's last as Janet Yellen is taking over starting February 1st. In an expected move, the FOMC announced Tuesday that their bond buying program would be cut by \$10b to \$75b a month. U.S. corporate earnings showed strength this week, as earnings announcements continued to top analyst estimates. **Caterpillar Inc.** jumped over 5.9% Monday, after announcing a sizeable stock buyback and forecasting earnings above estimates as strong demand for their construction equipment continues. **Comcast Corp.** rallied Tuesday as the company reported a 26% increase in 4Q profit after adding TV subscribers for the first time in more than 6 years. **Pfizer Inc.** advanced over 2% Tuesday, as the giant pharma company reported \$0.56 4Q EPS while analysts expected \$0.52. Wednesday, **Dow Chemical Co.** jumped nearly 4% after boosting its dividend and share buyback program. **Facebook Inc.** rose over 14% on Thursday, as the social network announced 63% revenue growth and earnings that beat estimates. **Google Inc.** jumped more than 4% Friday, as revenue topped expectations because many retailers spent more on advertising during the holidays. **Chipotle Mexican Grill Inc.** jumped over 12% Friday, to an all-time high as 4Q profit rose 30% as customer counts continue to grow. Not all earnings news was positive. **Apple Inc.** slid nearly 8% on Tuesdays as worries grow that the company might not keep up with revenue growth expectations. **Amazon Inc.** fell 11% Friday, as revenue did not meet expectations. Looking ahead to next week, **Walt Disney Co.**, **General Motors Co.** and **Toyota Motor Corp.** are all expected to announce earnings.

