

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (unch.)	GNMA (30 Yr) 6% Coupon:	112-24/32 (1.34%)
6 Mo. T-Bill:	0.07 (unch.)	Duration:	3.64 years
2 Yr. T-Note:	0.49 (-06 bps)	Bond Buyer 40 Yield:	4.12 (-07 bps)
3 Yr. T-Note:	0.82 (-07 bps)	Crude Oil Futures:	48.69 (+0.33)
5 Yr. T-Note:	1.30 (-07 bps)	Gold Futures:	1276.90 (+60.8)
10 Yr. T-Note:	1.84 (-06 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.45 (-05 bps)	U.S. High Yield:	
3 Mo. T-Bill:	0.02 (unch.)	BB:	5.23% (+03 bps)
		B:	7.38% (+05 bps)
		GNMA (30 Yr) 6% Coupon:	112-24/32 (1.34%)

The Treasury's 10-year yield fell to the lowest point since 2012 due to increasing fears over global deflation. On Wednesday, mortgage applications surged as a result of falling borrowing costs. Retail sales failed to meet expectations, declining by the most in almost a year and prompting some economist to lower spending and growth forecasts. On Thursday, the PPI Final December Demand report beat expectations on both a month-ago and year-ago basis. Claims for unemployment insurance benefits rose more than expected. The increase is in large part due to the dismissal of workers that were hired temporarily specifically for the holiday season. The University of Michigan preliminary consumer sentiment index exceeded expectations on Friday. Steady job gains and plunging gas prices were in part responsible for consumer confidence reaching the highest level in 11 years. Change in Major economic reports (and related consensus forecasts) for the upcoming holiday week include: Wednesday: January 16 MBA Mortgage Applications, December Housing Starts (1040k); Thursday: January 17 Initial Jobless Claims (300k); Friday: January Markit US Manufacturing PMI (54.0), December Existing Home Sales (5.07M), December Leading Index (0.40%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17511.57 (-1.25%)	Strong Sectors:	Utilities, Telecom,
S&P 500:	2019.42 (-1.22%)		Cons. Staples
S&P Midcap:	1430.89 (-0.7%)	Weak Sectors:	Info Tech, Financials,
S&P Smallcap:	678.28 (-0.34%)		Cons. Discretionary
NASDAQ Comp:	4634.384 (-1.48%)	NYSE Advance/Decline:	1,448 / 1,796
Russell 2000:	1176.655 (-0.75%)	NYSE New Highs/New Lows:	479 / 339
		AAll Bulls/Bears:	46.1% 21.5%

The S&P 500 lost 1.22% last week during the second week of earnings season. The Swiss central bank shocked markets by removing the cap on the Swiss to Euro exchange rate. Also detracting from returns was a further drop in oil prices. On Tuesday, Oil futures closed at a 5-year low of \$45.89. With the exception of the 2008 economic crisis and ensuing aftermath, investors have not seen oil price this low since 2004. Cell phone maker, **Blackberry**, took its investors for a roller coaster ride this week. Shares in the company began the week at \$10.38, but reached an intraweek high of \$12.60, after rumors began to swirl that the company had been approached by Samsung about a potential takeover. However, shares in the company dropped sharply, after Blackberry was quick to deny rumors they were being courted by the rival handset maker. It was a mostly bad week for domestic banks reporting earnings. **Citi**, **Bank of America**, **Goldman Sachs**, and **JP Morgan** all reported lower earnings. The weak performance was mostly attributable to lower trading revenues. The S&P 500 Financials sector index fell 2.67% for the week. Retailer **Target** announced plans to abandon its efforts to sell merchandise north of the border. Two years ago, Target made a large investment in Canada opening 133 stores. Last week, they announced closure of those stores along with layoffs of 17,000. Shares responded favorably, returning 1.20% last week. Chipmaker, **Intel**, reported Q4 EPS of \$.74. However, the company gave weak sales outlook and reported an operating loss of \$4.2 billion within their mobile business. Share prices will largely be driven by earnings announcements in the holiday-shortened trading session. Companies reporting fourth quarter results include **PACCAR**, **Halliburton**, **General Dynamics** and **Verizon**.