

| US Economy and Credit Markets | | | |
|-------------------------------|----------------|-----------------------------------|-------------------|
| Yields and Weekly Changes: | | | |
| 3 Mo. T-Bill: | 0.02 (unch.) | GNMA (30 Yr) 6% Coupon: | 112-22/32 (1.35%) |
| 6 Mo. T-Bill: | 0.07 (unch.) | Duration: | 3.64 years |
| 2 Yr. T-Note: | 0.49 (unch.) | | |
| 3 Yr. T-Note: | 0.85 (+03 bps) | Bond Buyer 40 Yield: | 4.14 (+02 bps) |
| 5 Yr. T-Note: | 1.31 (+01 bps) | Crude Oil Futures: | 45.4 (-3.29) |
| 10 Yr. T-Note: | 1.79 (-05 bps) | Gold Futures: | 1294.60 (+17.70) |
| 30 Yr. T-Bond: | 2.37 (-08 bps) | Merrill Lynch High Yield Indices: | |
| 3 Mo. T-Bill: | 0.02 (unch.) | U.S. High Yield: | 6.93% (-05 bps) |
| | | BB: | 5.14% (-09 bps) |
| | | B: | 7.34% (-04 bps) |

Treasury prices experienced a twist over the course of the week as long term Treasury prices rose moderately and short term Treasury prices dropped slightly as the European Central Bank announced a stimulus program that exceeded the expectations of investors. The week started with a moderate increase in long term Treasury prices on Tuesday on renewed expectations that the Federal Reserve will raise rates this year, which caused the yield between the 2-year and the 30-year treasury to tighten. Treasury prices then dropped moderately across the maturity spectrum on Wednesday ahead of the ECB's move on stimulus as investors believed the expected stimulus was already priced in. The twist continued on Thursday when ECB President Mario Draghi announced monthly purchases of €60m and a total bond buying commitment of €1.2t. This exceed the market expectations of €50m and €1t, and investors sold short term Treasuries and bought long term Treasuries. This cause the Euro to fall against the dollar to its lowest level since 2003. Bond buying then accelerated on Friday as Treasury prices rose moderately. Oil continued to slide 7%. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: Dallas Fed Manf. Activity (3.1); Tuesday: December Durable Goods Orders (0.5%); December New Homes Sales (450,000, 2.7% MoM); Wednesday: Jan 23 MBA Mortgage Applications, Jan 28 FOMC Rate Decision (0.25%); Thursday: January 24 Initial Jobless Claims (300,000), December Pending Home Sales (0.5% MoM); Friday: 4th Quarter Annualized GDP (3.1% QoQ), 4th Quarter Annualized Personal Consumption (4.0% QoQ), January Chicago Purchasing Manager (57.9); U. of Mich. Sentiment (98.2).

| US Equities | | | |
|---------------------------|-------------------|--------------------------|--------------------------|
| Weekly Index Performance: | | Market Indicators: | |
| DJIA: | 17,672.60 (0.94%) | Strong Sectors: | Info. Tech, Industrials, |
| S&P 500: | 2,051.82 (1.62%) | | Cons. Discretionary |
| S&P Midcap: | 1,455.79 (1.75%) | Weak Sectors: | Telecom., Materials, |
| S&P Smallcap: | 683.82 (0.83%) | | Cons. Staples |
| NASDAQ Comp: | 4,757.88 (2.67%) | NYSE Advance/Decline: | 2,083 / 1,152 |
| Russell 2000: | 1,188.95 (1.05%) | NYSE New Highs/New Lows: | 516 / 165 |
| | | AAll Bulls/Bears: | 37.1% / 30.8% |

Equity markets had their first weekly advance of 2015, as the S&P 500 rose over 1.6%. Oil continued to fall as the price of light sweet crude futures sank over 6.6% for the week. Globally, the IMF (International Monetary Fund) revised their 2015 global growth expectations, cutting global economic growth to 3.5% while raising U.S. economic growth to 3.6%. In an effort to lift the stagnant European economy and ease deflation fears, ECB (European Central Bank) President Mario Draghi announced a version of quantitative easing that is going to buy €60b a month through September 2016. The unprecedented €1.2t program was welcomed by equity markets as the Euro Stoxx 50 rallied over 5.6% in EUR and nearly 3% in USD. Domestically, **Netflix Inc.** surged nearly 30% this week as earnings and subscriber growth outpaced analyst estimates. **Delta Air Lines Inc.** climbed over 10% and **Southwest Airlines Co.** rallied nearly 16% this week, as both companies announced 4Q profits above analyst estimates attributable to lower fuel costs. Cleveland based bank **KeyCorp** announced earnings of \$0.29 in the fourth quarter, outpacing analyst EPS estimates of \$0.26. **Ebay Inc.** jumped over 7% Thursday, as the company announced a restructuring which included cutting 2,400 jobs. **United Parcel Service Inc.** fell nearly 10% Friday, the most since 2006, as the company announced earnings below estimates and projected growth below long term guidance. **Starbucks Corp.** rallied over 6.6% as earnings and revenues remained strong and they announced ex **Juniper Networks Inc.** CEO Kevin Johnson as the new COO. Looking ahead to next week, earnings season continues as **Microsoft Corp.**, **Texas Instruments Inc.**, **Corning Inc.**, **United Technologies Corp.**, **Pfizer Inc.**, **Caterpillar Inc.**, **Illinois Tool Works Inc.**, **Apple Inc.**, **Yahoo! Inc.**, **AT&T Inc.**, **3M Co.**, **Boeing Co.** and **Facebook Inc.** are all expected to report.