

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (+01 bps)	GNMA (30 Yr) 6% Coupon:	113-03/32 (1.47%)
6 Mo. T-Bill:	0.09 (+04 bps)	Duration:	3.68 years
1 Yr. T-Bill:	0.25 (+11bps)	Bond Buyer 40 Yield:	4.19 (+10 bps)
2 Yr. T-Note:	0.65 (+20 bps)	Crude Oil Futures:	51.69 (+3.45)
3 Yr. T-Note:	1.02 (+28 bps)	Gold Futures:	1233.90 (-44.60)
5 Yr. T-Note:	1.48 (+32 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.96 (+32 bps)	U.S. High Yield:	6.62% (-27 bps)
30 Yr. T-Bond:	2.53 (+31bps)	BB:	4.96% (-10bps)
		B:	7.33% (-02 bps)

Treasury yields leapt Friday as jobs growth augmented market expectations for an increase in interest rates. Oil rallied last week, the dollar continued to show strength relative to other currencies and gold fell. The European Central Bank's announced bond-buying program continues impact foreign currency markets and last week Denmark's central bank lowered its interest rate on central-bank deposits to -.75%. The United States economic reports last week were frequent and highlighted an expansionary economic environment. Monday saw the ISM Manufacturing Index decline to 53.5 in January and Personal Income increase .3% during December. The ISM Manufacturing Index recorded its 20th consecutive month above 50 (signaling expansionary conditions) but saw positive sentiment drop during December. In December personal income increased among consumers but their consumption dropped .3%. For the past year Personal Income is up 4.6% while spending has increased 3.6%. Wednesday's ISM Non-Manufacturing Index (measuring the services sector) increased to 56.7 in January, its 50th consecutive month above 50. The trade deficit widened in December as the stronger dollar has harmed exports and the deficit has been particularly impacted by an increase in the consumption of foreign produced goods. Friday revealed nonfarm Payrolls increased 275K in January and December and November payroll numbers were also revised upwards. However, the unemployment rate actually increased for the month as more people entered the labor pool. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: December Wholesale Inventories (.2%, -.6%); Wednesday: Prior Week MBA Mortgage Applications; Thursday: January Retail Sales Advance MoM (-.5%, +.4%) and Prior Week Initial Jobless Claims (288K, +10K); Friday: February Preliminary University of Michigan Consumer Sentiment (98.2, +1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17,824.29 (3.93%)	Strong Sectors:	Telecommunication Services, Energy, Financials
S&P 500:	2,055.47 (3.12%)	Weak Sectors:	Utilities, Health Care, Consumer Staples
S&P Midcap:	1,476.89 (2.95%)	NYSE Advance/Decline:	2,262 / 1,002
S&P Smallcap:	696.85 (3.97%)	NYSE New Highs/New Lows:	486 / 111
NASDAQ Comp:	4,744.40 (2.47%)	AAll Bulls/Bears:	35.5% / 32.4%
Russell 2000:	1,205.46 (3.46%)		

Last week, the S&P 500 Index returned 3.12% erasing the 3.00% loss the index posted in January. Energy led the way on Monday as all ten sectors had positive performance and the S&P 500 index returned 1.30%. The S&P 500 Energy Index returned 3.00% as oil prices increased for the third straight day after dropping to \$44.45 per barrel the previous week, the lowest closing price since \$42.33 on March 11, 2009. News of a debt restructuring proposal by the Greek government helped US equities open up on Tuesday. Economic news showed lower than expected December factory orders causing markets to decline early, but reversed by midday resulting in the best performance of the week for the index with a 1.45% gain. Energy again led the way as oil increased further. Stocks declined on Wednesday as the S&P 500 Index returned -0.39% on lower than expected employment data released from ADP's private payrolls January report. The Thursday morning release of US initial jobless claims came in at 278K. This was an increase from the previous week's 265K, but lower than the consensus estimate of 290K. The index returned 1.05% as all sectors were up for the day. The US Bureau of Labor Statistics released higher than expected jobs numbers on Friday. The S&P 500 Index traded up early and declined later in the day to return -0.32%. Nine of the ten economic sectors had positive performance for the week. The telecommunication services sector was the best performing sector with a 6.95% return. The energy and financials sectors followed with 5.59% and 4.94% returns, respectively. The utilities sector's -3.64% return was the worst performance of all the sectors and was followed by health care and consumer staples which returned 0.76% and 2.22%, respectively. **Hospira Inc.**, a global pharmaceutical developer and manufacturer, turned in the best performance in the S&P 500 Index with a 37.84% gain. The stock jumped on the announcement that they will be acquired by Pfizer Inc. The next two best performers were **Denbury Resources Inc.** and **Frontier Communications Corp.** with returns of 28.84% and 18.09%, respectively. This week will bring earnings news from **The Coca-Cola Co.**, **PepsiCo Inc.**, **Cisco Systems Inc.**, **CVS Health Corp.**, **American International Group Inc.** and many others.