

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.12 (-01 bps)	GNMA (30 Yr) 6% Coupon:	109-23/32 (2.14%)
6 Mo. T-Bill:	0.18 (unch.)	Duration:	3.34 years
1 Yr. T-Bill:	0.26 (-02 bps)	30-Year Insured Revs:	163.5% of 30 Yr. T-Bond
2 Yr. T-Note:	0.59 (-06 bps)	Bond Buyer 40 Yield:	5.51% (+01 bps)
3 Yr. T-Note:	0.98 (-10 bps)	Crude Oil Futures:	91.44 (-0.07)
5 Yr. T-Note:	2.00 (-04 bps)	Gold Futures:	1421.30 (+41.30)
10 Yr. T-Note:	3.29 (-09 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.33 (-13 bps)	BB, 7-10 Yr.:	6.75% (unch.)
		B, 7-10 Yr.:	7.93% (unch.)

Treasury prices ultimately ended higher as the final week of the year was influenced by 2, 5, and 7-year auctions as well as several key economic releases. High demand for the 2-year auction on Monday drove prices higher but was followed by a weak 5-year auction Tuesday sending prices back down. Prices were higher again on Wednesday on strong demand in the \$29 billion 7-year auction. In economic news this week, Initial Jobless Claims for the week ending December 25th dropped from 422,000 in the previous week to 388,000 as the consensus expected 415,000. The Chicago Purchasing Manager Index was reported at 68.6 vs. the estimate of 61.0. November Pending Home Sales increased 3.5% vs. the estimate of 0.80% after an increase of 10.1% in the previous month. Major economic reports (and related consensus forecasts) for next week include: Monday: December ISM Manufacturing Index (57.0), December ISM Prices Paid (71.3), November Construction Spending (0.20%); Tuesday: November Factory Orders (-0.20%), December Domestic Vehicle Sales (9.20M), December Total Vehicle Sales (12.30M); Wednesday: ISM Non-Manufacturing Composite (55.6); Friday: December Change in Private Payrolls (153,000), December Change in Nonfarm Payrolls (140,000), December Change in Manufacturing Payrolls (unchanged), December Unemployment Rate (9.70%), November Consumer Credit (\$0.50B).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	11577.51 (+4.02, +0.03%)	Strong Sectors:	Oil & Gas, Basic Materials, Financials
S&P 500:	1257.64 (+0.87, +0.07%)	Weak Sectors:	Health Care, Consumer Goods, Utilities
S&P MidCap:	907.25 (-3.54, -0.39%)	NYSE Advance/Decline:	1,869 / 1,293
S&P Small Cap:	415.73 (-4.15, -0.99%)	NYSE New Highs/New Lows:	334 / 44
NASDAQ Comp:	2652.87 (-12.73, -0.48%)	AAII Bulls/Bears:	51.6% / 20.1%
Russell 2000:	783.65 (-5.31, -0.67%)		

The stock market continued its positive momentum during a slow week of trading as stocks finished December with their best monthly performance in seven years. Stocks had a great year in 2010 considering all of the pessimism that followed the debt crisis in Greece and the uncertainty caused by the flash crash in May. Momentum such as the S&P 500 failing to close below its 50-day moving average in more than four months has investors geared up for 2011. Talk of takeovers seemed to dominate discussion last week as shares of **Potash Corp.**, **BJ's Wholesale Club** and **Anadarko Petroleum** all advanced on speculation that they are acquisition targets. The government of China's decision on Tuesday to cut rare-earth metals export quotas by 35% caused shares of **Molycorp** and other rare-earth miners to jump. Shares of gold and silver miner **Hecla Mining** continued to climb this week as gold futures prices edged higher. News that Craig McCaw is stepping down as chairman of **Clearwire** sent the shares down over 1%. **Jackson Hewitt** shares shot up after announcing that they plan to operate in more than 2,000 **Wal-Mart** stores this tax season. Investors will be watching on Friday when the Labor Department releases their reports on December employment. Analysts are expecting nonfarm payrolls to be up 133,000 and unemployment to tick down to 9.7% from 9.8% in November. **Mosaic**, **Monsanto**, **Shaw Group** and **Family Dollar Stores** are among the companies that will report quarterly earnings this week.