US Economy and Credit Markets

3 Mo. T-Bill:	0.01 (unch.)	GNMA (30 Yr) 6% Coupon:	112-28/32 (1.38%)
6 Mo. T-Bill:	0.04 (-02 bps)	Duration:	3.61 years
1 Yr. T-Bill:	0.15 (-01bps)	Bond Buyer 40 Yield:	4.09 (-05 bps)
2 Yr. T-Note:	0.46 (-05 bps)	Crude Oil Futures:	48.24 (+2.65)
3 Yr. T-Note:	0.76 (-11 bps)	Gold Futures:	1278.50 (-14.10)
5 Yr. T-Note:	1.19 (-15 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.67 (-16 bps)	U.S. High Yield:	6.89% (-04 bps)
30 Yr. T-Bond:	2.25 (-15 bps)	BB:	5.06% (-08bps)
		B:	7.35% (-01 bps)

Treasury yields fell to all-time lows last week due to continuing concerns over global growth and the Federal Reserve's decision not to raise rates. On Tuesday, the December orders for durable goods fell unexpectedly. New home sales reached the highest level in over six years, due to an improving labor market and lower mortgage rates. On Wednesday, the 30-year bond closed at a record low as the Federal Reserve continued to show patience in raising borrowing cost, keeping rates near zero until at least midyear. On Thursday, the January 24th Initial Jobless Claims report declined to the lowest level since April 2000. Treasury prices climbed on Friday after a report showed a larger than expected slowdown in the U.S economy last quarter. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: December Personal Income (0.2%), December Personal Spending (-0.2%), January Markit US Manufacturing PMI (53.8), January ISM Manufacturing (54.5); Tuesday: December Factory Orders (-2.2%); Wednesday: January 30 MBA Mortgage Applications, January ADP Employment Change (220k); Thursday: January 31 Initial Jobless Claims, December Trade Balance (-37.9B); Friday: January Change in Nonfarm Payrolls (235k), January Unemployment Rate

US Equities

Weekly Index Performance:			Market Indicators:	
DJIA:	17,164.95	(-2.87%)	Strong Sectors:	Materials, Utilities, Cons Disc
S&P 500:	1,994.99	(-2.75%)		
S&P Midcap:	1,435.10	(-1.40%)	Weak Sectors:	Financials, Info Tech, Cons Staples
S&P Smallcap:	670.38	(-1.94%)		
NASDAQ Comp:	4,635.24	(-2.54%)	NYSE Advance/Decline:	1,216/ 2,032
Russell 2000:	1,165.39	(-1.96%)	NYSE New Highs/New Lows:	616/245
			AAII Bulls/Bears:	44.2% / 22.4%

U.S. stocks fell, sending the S&P 500 to its fourth loss in the last five weeks, as weaker-than-expected GDP growth and disappointing multinational earnings overshadowed a strong consumer. After posting 5% GDP growth in the 3rd quarter, growth slowed to a 2.6% annualized rate in the 4th quarter versus the 3% estimated by economists. The drop in oil prices caused business investment to fall as equipment orders fell by 1.9%. However, the drop in oil prices benefited personal consumption, which jumped 4.3%, the largest increase since 2006. In addition to strong household spending, consumer confidence reached an 11 year high in January. With earnings season nearly halfway complete, U.S. multinational firms have reported lower-than-expected earnings and guidance due to the strong dollar, which causes earnings to be translated at a lower rate in dollars and U.S. exporters to become less competitive. **Procter & Gamble Co.** shares fell sharply after management called foreign-exchange rate moves "unprecedented". Sales are expected to be reduced by 5% due to currency headwinds, leading to a potential 4% drop in revenue for the year, while earnings are expected to be reduced by 12%. **Microsoft** shares lost over 10% after reporting weak software sales in China and lower forecasted revenue due to currency headwinds. Despite already lower expectations, **Caterpillar Inc**. forecasted sales and revenue below the street as lower oil prices crimp demand for equipment in oil producing regions. **Apple Inc**. remained a bright spot after posting their largest sales gain in three years on strong sales of larger iPhones. A slew of earnings reports, manufacturing data, and Friday's unemployment rate will be key data points in the week ahead. With earnings estimates declining due to energy profits and currency headwinds, we continue to favor quality names that have business focused domestically. The U.S. economy remains on solid footing, especially when compared to the rest of world.