











The Economy

Nonfarm payrolls totaled 257,000 in January, in line with the 259,460 monthly average posted over the past 12 months, according to data from the Bureau of Labor Statistics. In January, consumer confidence eclipsed a reading of 100 (102.90) for the first time since 8/31/07 (105.55), according to the Conference Board's Consumer Confidence Index. The sharp decline in the price of crude oil since last June may be contributing to the rebound in confidence. The index stood at 86.37 in June 2014. IHS estimates that approximately 88.6 million cars will be sold globally in 2015, up 2.4% from 2014, according to CNBC. Sales in North America are expected to rise by 2.5% to 20.0 million, with the U.S. accounting for 16.9 million of them.

Consumer Confidence 102.9 (Jan) 92.6 (Dec) 	Crude Oil (Mo.-End) \$48.24 (Jan)  \$53.27 (Dec)	Personal Spending -0.3% (Dec)  Nov was +0.6%	ISM Manufacturing 53.5 (Jan)  55.5 (Dec)	ISM Non-Manufacturing  56.7 (Jan) 56.2 (Dec)
Gold (Mo.-End)  \$1,278.50 (Jan) \$1,184.10 (Dec)	Natural Gas (Mo.-End)  \$2.69 (Jan) \$2.89 (Dec)	Factory Orders -3.4% (Dec)  Nov was -0.7%	New Home Sales  481,000 (Dec) 438,000 (Nov)	Existing Home Sales  5.04M (Dec) 4.93M (Nov)

The Stock Market

Indices (Source: Bloomberg)

	Jan	12-mo.
S&P 500	-3.0%	14.2%
DJIA	-3.6%	11.9%
NASDAQ 100	-2.0%	19.2%
S&P 400	-1.1%	10.9%
Russell 2000	-3.2%	4.4%
Russell 3000	-2.8%	13.0%
MSCI World (ex U.S.) (USD)	-0.4%	-0.7%
MSCI Emerging Markets (USD)	0.6%	5.2%

Growth/Value (Source: Bloomberg)

	Jan	12-mo.
S&P 500 Growth	-1.7%	16.4%
S&P 500 Value	-4.4%	11.8%
S&P 400 Growth	0.6%	11.0%
S&P 400 Value	-3.0%	10.6%
Russell 2000 Growth	-2.3%	5.0%
Russell 2000 Value	-4.2%	3.9%

Thirty-five out of the 131 subsectors (27%) that comprise the S&P 500 posted a gain in January, down from 73 (56%) last month, according to S&P Dow Jones Indices. Utilities was the best performing sector, up 2.37%. In January, the dividend-payers (421) in the S&P 500 (equal weight) posted a total return of -2.85%, vs. -2.09% for the non-payers (81), according to Standard & Poor's. For the 12-month period ended January 2015, payers were up 15.79%, vs. a gain of 12.58% for the non-payers. The number of dividend increases in January totaled 33, down from 41 a year ago. One dividend was cut, matching the dividend cut made in January 2014. FactSet estimates that the dividend payout from the S&P 500 will increase by 7.7% in 2015, as fewer companies initiate new dividends and many firms redirect cash into much-neglected capital spending, according to *Kiplinger*. FactSet estimates that financial firms will raise payouts an average of 13.2% in 2015, the most of any sector, followed by an 8.6% hike from industrial companies. Companies are still pursuing acquisitions. Global merger and acquisition (M&A) deals totaled \$232.9 billion in January, up 28% from a year ago, according to data from Thomson Reuters. M&A deal activity in the Asia-Pacific region accounted for 43% of the total. U.S. companies acquired the most foreign targets, with 118 outbound deals valued at \$50.3 billion.

U.S. Dollar Index (DXY)  +5.0% (Jan) +12.8% (2014) \$ was up 0.3% in '13	CBOE Total Equity Options (# of contracts in millions)  Jan: 37.5 (-0.3%) Dec: 37.6 (+9.6%) Record 7/08: 67.2 million	Short Interest (NYSE)  Mid-Jan: 15.2B (-0.7%) Mid-Dec: 15.3B (0.0%) Record 7/08: 18.61 billion shares	VIX Volatility Index (S&P 500)  20.97 (1/31) 19.20 (12/31) Record 11/20/08: 80.86
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The Bond Market

Index (Source: Barclays)

	Jan	12-mo.	Yield
U.S. Treasury: Intermediate	1.65%	3.39%	0.90%
GNMA 30 Year	0.45%	4.59%	2.19%
Municipal Bond (22+)	2.53%	14.77%	2.60%
U.S. Aggregate	2.10%	6.61%	1.92%
Intermediate Corporate	1.92%	5.07%	2.21%
U.S. Corporate High Yield	0.66%	2.41%	6.46%
Global Aggregate	-0.16%	-0.62%	1.39%
EM Hard Currency Agg.	-0.33%	3.38%	5.26%

The yield on the benchmark 10-Year T-Note stood at 1.64% on 1/31, down 53 basis points from 12/31 (2.17%). It was down 101 basis points from 2.65% on 1/31/14. Municipal bonds led the rally in January. Concerns over the potential for a significant rise in tax-free bond defaults have abated. The S&P Municipal Bond Index is a broad benchmark that tracks over \$1.4 trillion in par value of municipal bonds of all quality. S&P Dow Jones Indices reported that the index recorded a total of 207 outstanding bond deals in monetary default at the close of 2014, which involved 302 individual bonds (some deals have multiple bonds within the issue). There were 35 new defaults in 2014. Total defaults amounted to \$5.64 billion in par value, or 0.38% of the total par value of the index. That is in line with the historical norm.

Key Rates as of January 31		Key Yield Spread		2014 Debt Issuance		
		The spread between the Merrill Lynch U.S. High Yield Constrained Index and the 10-Yr. T-Note was 516 basis points on 1/31/15, up from 478 on 12/31/14. It was 372 on 1/31/14.		(Source: Thomson Reuters)		
				Debt Category	\$ Amount	% change over '13
Fed Funds	0-0.25%			Treasury	\$2.22 Trillion	+3.5%
2-Yr. T-Note	0.45%			Corporate	\$1.46 Trillion	+3.5%
10-Yr. T-Note	1.64%			Convertible	\$37.1 Billion	+1.9%
30-Yr. Mortgage	3.79%			Asset-Backed	\$222.5 Billion	+17.8%
Bond Buyer 40	4.09%			Municipal	\$332.1 Billion	-0.9%
(Source: Bloomberg)		(Source: Bloomberg)				

Equity funds reported net *outflows* totaling \$24.0 billion in 12/14, vs. \$2.1 billion of net *outflows* in 11/14, according to the Investment Company Institute. Bond funds reported net *outflows* totaling \$19.0 billion, vs. \$14.9 billion of net *inflows* in 11/14. Money Market fund net *inflows* totaled \$81.4 billion, vs. \$21.6 billion of net *inflows* in 11/14. In 2014, equity funds reported net *inflows* totaling \$25.6 billion, vs. \$43.9 billion of net *inflows* for bond funds (municipals had net *inflows* totaling \$28.0B) and \$7.4 billion of net *inflows* for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2090.57	12/29/14	676.53	03/09/09	1994.99	-4.57%	-3.00%	2.02%
S&P 500 Growth	1140.15	12/29/14	363.99	03/09/09	1102.13	-3.33%	-1.67%	1.60%
S&P 500 Value	941.10	12/29/14	307.16	03/09/09	885.53	-5.90%	-4.44%	2.48%
S&P 400	1474.40	12/29/14	404.62	03/09/09	1435.10	-2.67%	-1.12%	1.56%
S&P 400 Growth	667.62	01/26/15	174.44	11/20/08	651.64	-2.39%	0.57%	1.22%
S&P 400 Value	519.72	12/29/14	144.98	03/09/09	495.98	-4.57%	-3.00%	1.94%
S&P 100	922.48	12/26/14	322.13	03/09/09	875.80	-5.06%	-3.45%	2.18%
DJIA	18053.71	12/26/14	6547.05	03/09/09	17164.95	-4.92%	-3.58%	2.27%
NASDAQ 100	4337.78	11/28/14	1036.51	11/20/08	4148.43	-4.37%	-2.03%	1.29%
Russell 2000	1219.11	12/29/14	343.26	03/09/09	1165.39	-4.41%	-3.22%	1.39%
Russell 2000 Growth	730.07	12/29/14	190.73	03/09/09	705.45	-3.37%	-2.28%	0.71%
Russell 2000 Value	1554.11	07/03/14	469.32	03/09/09	1459.05	-6.12%	-4.16%	2.09%
Russell 3000	1242.10	12/29/14	389.61	03/09/09	1188.93	-4.28%	-2.78%	1.89%
MSCI World x U.S. (USD)	5496.51	07/03/14	2131.84	03/09/09	4916.49	-10.55%	-0.35%	3.22%
MSCI Emerging Markets (USD)	473.36	10/29/07	164.51	10/27/08	403.93	-14.67%	0.60%	2.73%
Ibovespa/Brazil (USD)	44638.24	05/19/08	9243.46	02/01/05	17623.20	-60.52%	-6.41%	5.04%
RTS/Russia (USD)	2487.92	05/19/08	498.20	01/23/09	737.35	-70.36%	-6.74%	4.59%
S&P BSE 500/India (USD)	226.04	01/07/08	57.52	03/09/09	182.77	-19.14%	7.81%	1.25%
Shanghai Composite/China (USD)	810.67	10/16/07	122.21	07/11/05	513.43	-36.67%	-1.46%	2.07%
KOSPI/South Korea (USD)	2.29	10/31/07	0.63	11/20/08	1.76	-22.81%	1.01%	1.26%
Hang Seng (USD)	4082.25	10/30/07	1420.72	10/27/08	3161.06	-22.57%	3.84%	3.67%
MSCI Euro (USD)	1985.51	10/31/07	682.47	03/09/09	1226.90	-38.21%	0.12%	3.25%
S&P Consumer Discretionary	576.97	12/29/14	125.72	03/09/09	554.79	-3.84%	-3.06%	1.51%
S&P Consumer Staples	516.45	01/22/15	199.80	03/09/09	493.24	-4.49%	-1.10%	2.56%
S&P Energy	737.09	06/23/14	296.47	01/31/05	557.95	-24.30%	-4.81%	2.90%
S&P Utilities	251.40	01/29/15	113.81	03/09/09	245.77	-2.24%	2.37%	3.25%
S&P Financials	509.55	02/20/07	81.74	03/06/09	310.01	-39.16%	-6.90%	1.86%
S&P Banks	414.38	02/20/07	49.02	03/05/09	211.68	-48.92%	-10.51%	1.94%
FTSE NAREIT Equity REITs	685.39	01/26/15	163.57	03/06/09	668.04	-2.53%	6.17%	3.38%
S&P Health Care	825.25	01/22/15	252.84	03/05/09	801.26	-2.91%	1.23%	1.44%
S&P Pharmaceuticals	606.11	12/08/14	214.50	03/03/09	581.90	-3.99%	-0.14%	2.32%
NYSE Arca Biotechnology	3760.85	01/27/15	484.48	04/04/05	3705.77	-1.46%	7.75%	0.41%
S&P Information Technology	708.74	12/26/14	198.51	11/20/08	664.92	-6.18%	-3.85%	1.59%
Philadelphia Semiconductor	703.12	12/05/14	171.32	11/20/08	653.14	-7.11%	-4.86%	2.32%
S&P Telecom Services	181.06	05/31/07	88.10	03/09/09	149.13	-17.64%	-1.11%	5.11%
S&P Industrials	493.85	12/29/14	132.83	03/09/09	468.53	-5.13%	-3.63%	2.11%
S&P Materials	319.68	09/24/14	108.33	03/02/09	299.22	-6.40%	-1.89%	2.17%
Philadelphia Gold & Silver	228.95	04/08/11	61.63	11/05/14	79.40	-65.32%	15.56%	1.29%
Reuters/Jefferies CRB	473.52	07/02/08	200.34	03/02/09	218.84	-53.78%	-4.83%	N/A
Merrill Lynch Perpetual Preferred	213.65	01/30/15	51.79	03/09/09	213.65	0.00%	2.04%	5.33%
Merrill Lynch High Yield Constrained	358.03	09/01/14	130.37	12/12/08	349.11	-2.49%	0.69%	6.80%