

General Market Overview

The market held steady Monday through Wednesday last week, however the momentum collapsed under pressure as the Dow fell 268 points Thursday and S&P 500 shed 3.11%. The MCSI World Index of 23 developed countries plummeted 2.9%, while the CBOE Volatility Index or "VIX", which measures market volatility based on options linked to the S&P 500 index, jumped 21%. Selling pressure continued through Friday as the Dow fell some 150 points, before making a staggering comeback to close up 10 points. The 10-year note fell 1.10% for the week, while gold lost 1.90%. Crude oil jumped 5.93% throughout the week.

Source: bloomberg.com

Earnings Calendar

Date	Company	Sym.	Price	Est.
US 2/8	The Hartford	HIG	23.72	1.35
2/8	Principal Fin. Grp.	PFG	22.57	0.65
2/9	Molson Coors	TAP	41.67	1.10
2/9	The Coca-Cola Co.	KO	52.84	0.67
2/9	UBS	UBS	13.13	n/a
2/9	Walt Disney	DIS	29.84	0.39
2/10	AllianceBernstein	AB	25.41	0.53
2/10	PepsiCo	PEP	59.01	0.91
WI 2/8	Wausau Paper Corp	WPP	9.05	0.12

Source: finance.yahoo.com

Major Indices and Rates

Index	Week Close	Week % Chg	YTD
S&P 500	1,066.19	-0.7%	-4.4%
Dow Jones	10,012.23	-0.5%	-4.0%
Nasdaq	2,141.12	-0.3%	-5.6%
Russell 2000	592.98	-1.5%	-5.2%

Asset	Week Begin	Week End	% Change
10yr T-Note	3.63	3.59	-1.10%
Gold	1,078.50	1,058.00	-1.90%
Crude Oil	72.85	77.17	5.93%

Source: Briefing.com, eia.doe.gov, ustreas.gov, lbma.org.uk, finance.yahoo.com

How Low Can They Go?

The Fed has set the discount interest rate between zero and twenty-five basis points. So where in that range do rates on short-term Treasuries fall? Throughout summer 2009 short-term rates were near 20 basis points, however since October, rates have remained below one-tenth of a percent. With the Consumer Price Index, an indicator for inflation, growing 0.3% in October, 0.4% in November and 0.1% in December, it may be difficult for short-term Treasuries and CDs to keep up with inflation.

Political Forefront

The U.S. House of Representatives voted 233-187 on Thursday to expand the federal debt limit from \$12.4 to \$14.3 trillion. Earlier in the week the Treasury Dept. announced the government is \$90 billion away from reaching its current debt limit. If the U.S. passes the debt threshold, it will be forced to default on outstanding debts. Therefore, adding \$1.9 trillion to the current budget will increase the cushion from \$90 billion to nearly \$2 trillion.

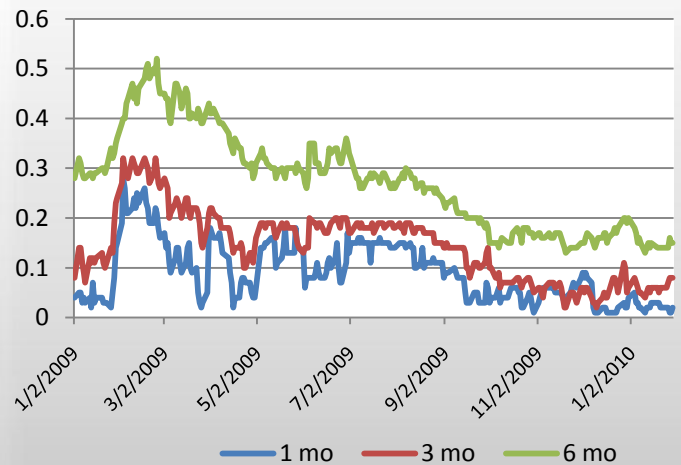
Source: bloomberg.com

Economic Indicators and Announcements

- U.S. unemployment rate dropped .3%, from 10% to 9.7%, however initial U.S. jobless applications posted the greatest increase in seven weeks.
- Positive news from the unemployment rate was offset by the threat of several European nations defaulting on outstanding debt. Investor fears mount as, among others, Greece, Spain, and Portugal face increasing pressure to harness their budget deficits.
- This week's economic announcements include the Trade Balance and Treasury budget Tuesday, and January Retail Sales on Thursday.

Source: briefing.com, economist.com

Short-term Interest Rates



Source: ustreas.gov, bls.gov

Quote of the Week

"Real riches are the riches possessed inside."
-B.C. Forbes

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