

# Weekly Market Summary

The positive trend in Treasuries continued throughout last week and yields moved even lower early Monday morning, as the 10-year reached 1.92 percent. The last time the yield on the 10-year Treasury was this low was March 6 of this year. [Read more now](#) (PDF, new window).

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# Weekly Market Summary

A record level of demand, combined with less supply, has resulted in a strong start to the second quarter for Treasuries. Yields on the 10-year approached 2 percent last week after being as high as 2.37 percent less than a month ago. [Read more now in our Weekly Market Summary](#) (PDF, new window).

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# Weekly Market Summary

Treasuries experienced their worst quarterly performance since the third quarter of 2010, as rates on the 10-year Treasury jumped 33 basis points (0.33 percent) from Jan. 1 to March 30. Yields on the 10-year were as high as 3.37 percent in March, before ending the quarter at 2.21 percent. [Read more](#) (PDF, new window).

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## Weekly Market Summary

Treasuries were stronger last week, after selling off the previous week. But with expectations for positive economic news this week – coupled with large 2-year, 5-year, and 7-year auctions – Treasuries could face some headwinds, especially on the short end of the curve. [Read more now.](#)

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## Weekly Market Summary

Last week brought the largest Treasury selloff in more than eight months, pushing yields up across the curve. The combination of a slightly more positive outlook from the Federal Open Market Committee (FOMC) and strong bank stress tests helped push the 10-year above 3.34 percent for the first time since last summer. [Read more now](#) (PDF, new window)

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## Weekly Market Summary

Yields on 10-year Treasuries were back below 2 percent early Monday, after retreating to as high as 2.027 percent last Wednesday. The brief selloff came as markets perceived global

news, both economic and political, to be more positive; however, with slower growth projections out of Europe and the uncertainty over Greece's fate still wearing on investors, yields were pushed back down. [Read more now.](#)

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## Weekly Market Summary

Treasury yields were lower late last week and continued to move lower early Monday on strong demand during auctions and elevated concerns coming out of Europe after the G20 Summit decided not to extend funding to help the beleaguered region.

[Read more now.](#)

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## Weekly Market Summary

On Tuesday, Feb. 21, we learned that Greece will receive €130 billion in a bailout that is expected to return anywhere between a 70-percent and a 74 percent loss to debt holders and require Greece to shrink its debt-to-gross domestic product ratio to 120.5 percent by 2020. Read more now in our [Weekly Market Summary](#) (PDF, new window).

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# Weekly Market Update – 2/15/2012

Treasury yields were higher for most of last week on stronger employment numbers and optimism coming out of Europe. Late Sunday, we learned that Greece had voted into law austerity measures of up to €130 billion.

European equity markets reacted favorably to this news on Monday, and U.S. equity futures were looking higher before the market opened. [Read more now](#) (PDF, new window).

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## Market Update for the Month Ending Jan. 31, 2012: Off To a Great Start

January got the year off to a great start. The S&P 500 Index was up 4.48 percent while the Dow Jones Industrial Average climbed 3.55 percent. Clearly, the risk-on trade has returned, as this was the best January market performance since 1997.

The strong market action occurred despite somewhat disappointing corporate earnings results. Although only about one-third of S&P 500 companies have reported, only 59 percent have beaten estimates, which is less than the typical 68 percent to 75 percent. That said, the overall earnings growth rate so far for the fourth quarter has been 7.9 percent, which is up from previous levels, suggesting that companies that are beating

estimates are doing so by wider margins.

Technically, equity markets are showing signs of continued strength. The S&P 500 remains above its 200-day moving average, and the 50-day moving average has just crossed above the 200-day as well, a phenomenon known as the "golden cross." The next resistance level appears to be around 1,350, suggesting some room for further price appreciation.

International markets performed even better than domestic investments, with the MSCI EAFE Index up 5.33 percent and the MSCI Emerging Markets Index up 11.24 percent for the month. Given the diversity of the markets and economies included in these indices, it is difficult to draw general conclusions, but it does seem that concerns about global growth and European debt issues have eased. Technically, the EAFE remains below its 200-day moving average, but the emerging markets index has recently crossed above, suggesting that investors may have more confidence in the emerging market space.

### **Signs of life in the U.S. economy**

On the whole, economic data was positive in the first month of the new year. Most notably, the employment situation showed signs of improvement, with the unemployment rate falling to 8.5 percent and strong gains in payrolls. The unusually mild winter weather in the northern states may have accounted for some of this trend, but unemployment has clearly continued to plod downward from its peak of 9.9 percent in December 2009. A rise in personal income and a reduction in initial jobless claims also implied better times for U.S. workers.

The manufacturing sector persisted, rebounding off its third-quarter weakness, according to data from the Institute for Supply Management. Both new orders and production rose at a faster pace than in the previous month, and anecdotal forecasts

were upbeat. On the other side of the coin, housing continued to drag on economic prospects, with home prices falling 0.7 percent on a seasonally adjusted basis.

The initial estimate of U.S. gross domestic product (GDP) for the fourth quarter of 2011 was released in mid-January. GDP was estimated at 2.8 percent, annualized, which would be the best since mid-2010. Strong consumer spending on durable goods suggested improving confidence and demand, although a large contribution from inventory purchases could prove more transitory. GDP reports have tended to be revised downward in recent quarters, so, while a

recession appears to have been averted, it is unclear whether economic growth was robust or merely marginal in the fourth quarter.

### **Fixed income dominated by Fed actions**

Rates remained at historically low levels in January, supported by the Federal Reserve's (Fed) announcement that it was committed to keeping rates low through 2014. Treasuries rallied at the end of the month, with 10-year yields ending below 2 percent. Municipal bonds also started the year on a positive note, as investors sought perceived safety at more attractive yields than Treasuries.

A new factor in this space was the release of economic projections by Fed board members and bank presidents. The projections called for only modest growth over the next several years and included a downward adjustment from projections made last November. This was perceived in a positive light by investors, who viewed a more conservative Fed outlook as supportive of continued low interest rates.

### **Europe—the never-ending story**

The European situation continued to evolve in January. Negotiations for the Greek bailout continued, with pressure applied to public agencies to share in the pain by taking a haircut on their positions. The European Central Bank so far has refused to do so, and this remains a key uncertainty in how the issue will be resolved. Either way, it appears that the situation will come to a head in the next several months, as pending refinancing needs may force some sort of decision.

Some positive news has come from the continued progress of negotiations over standardizing fiscal practices across much of the European Union, which may in turn lead to further German support of the debtor countries. The situation remains uncertain, however, and substantial risks remain.

### **A strong start but continued uncertainty**

Although the markets had a strong start to the year, and many of the economic indicators are surprisingly good, uncertainty remains. In the U.S., consumer spending is the biggest item to watch, as the December figures were weaker than expected despite the relatively strong performance overall. Europe remains a risk, too. Nonetheless, the overall signs for the U.S. economy and markets are positive, and, although we can expect volatility to persist, our overall expectation is now cautiously optimistic.

***Disclosure:*** *Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is not indicative of future results. Diversification does not assure a profit or protect against loss in declining markets. All indices are unmanaged and investors cannot invest directly into an index. The S&P 500 Index is a*

*broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. The Dow Jones Industrial Average is a price-weighted average of 30 actively traded blue-chip stocks. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in*

*Europe, Latin America, and the Pacific Basin. It excludes closed markets and those shares in otherwise free markets that are not purchasable by foreigners.*

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