

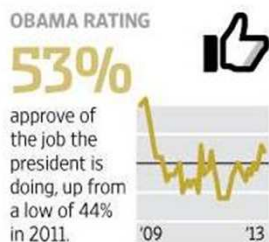
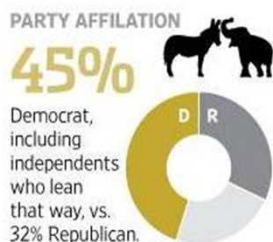
## Current Rate Environment

Short Term Rates	Today	Last Week	Change
1-Month LIBOR	0.20%	0.21%	(0.01%) ↓
3-Month LIBOR	0.30%	0.30%	0.00% ○
Fed Funds	0.25%	0.25%	0.00% ○
Fed Discount	0.75%	0.75%	0.00% ○
Prime	3.25%	3.25%	0.00% ○
<b>US Treasury Yields</b>			
2-year Treasury	0.25%	0.25%	0.00% ○
5-year Treasury	0.76%	0.78%	(0.02%) ↓
10-year Treasury	1.84%	1.87%	(0.03%) ↓
<b>Swaps vs. 3M LIBOR</b>			
2-year	0.50%	0.48%	0.02% ↑
5-year	1.00%	1.00%	0.00% ○
10-year	2.00%	2.00%	0.00% ○

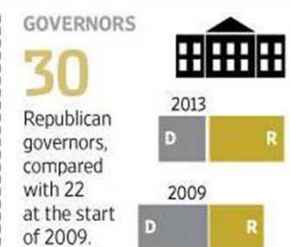
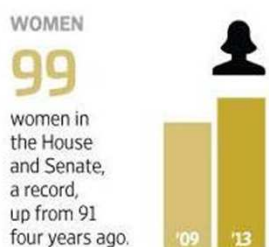
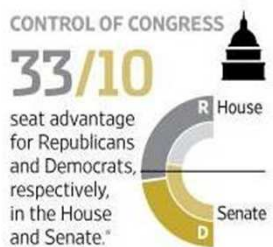
## Fed Speak & Economic News:

- On Sunday in a private ceremony, Mr. Barack Obama took the official oath of office, which was administered by Chief Justice John Roberts. He is one of only two presidents to be sworn in four times (due to technicalities), but unlike Franklin Roosevelt he has only been elected twice whereas Roosevelt was elected four times. The President repeated his oath yesterday at the United States Capitol in front of an estimated 800,000 people, about half of the estimated attendance of his first inauguration. In his speech, Obama laid out a plethora of focus points for his second-term agenda: continue to advance rights for women and gay couples; reform the over-complicated tax code; curb gun violence; overhaul the immigration system; and continue to preserve health-care programs for the poor and elderly. The President faces a grand obstacle: the Republican Party, which he criticized using the same rhetoric as his campaign even if it wasn't abundantly clear by saying, "They strengthen us. They do not make us a nation of takers; they free us to take the risks that make this country great." Mr. Obama was referring to the three programs: Medicare, Medicaid and Social Security, the programs that Republicans wanted to cut in order to tame the Federal deficit. After his speech, he took one last glance at the crowd before walking away to the sound of cheers.
- The Fed released its Beige Book last week, which reported that the twelve districts cited growth as "either modest or moderate" and that consumer spending was modestly higher in 2011 but below expectations. The report cited "ongoing fiscal uncertainty" as the main concern for consumers. Fed Chairman Ben Bernanke made an appeal to Congress to raise the debt ceiling, mentioning how he is reminded of the "down to the wire" fiscal cliff showdown. On Friday, the GOP proposed a three-month increase of the U.S. debt ceiling, the proposal is expected to go to the House this week. The three-month extension would allow Congress to address the debt ceiling, along with the issue of sequestration in March.
- Great Britain's Prime Minister David Cameron planned on giving a highly-anticipated speech last week, but it was postponed due to the Algerian Hostage Crisis. Mr. Cameron planned on mentioning that Britain may withdraw from the European Union.

## Weekly Chart



The first term of President Obama was filled with triumphs and struggles, the main struggle being the slow economic recovery. Mr. Obama's approval rating stands on par with former president George W. Bush's approval at the start of his second term but behind Bill Clinton and Ronald Reagan. Americans seem most unhappy with Congress, which according to a recent poll by CBS stands at a 82% disapproval rating.



## U.S. Economic Data

- Housing starts rose 12.1% last month to a seasonally adjusted annual rate of 954,000, led by single-family homes. For 2012, 780,000 new homes were started, which was the highest figure since June 2008.
- The University of Michigan Confidence index dropped to 71.3, the lowest since December 2011, from 72.9 the prior month.
- Retail sales climbed 0.5%, which is the biggest gain in three months and more than forecasted. The previous month was revised 0.4%, larger than previously reported.
- Manufacturing in New York contracted in January for the sixth straight time.

Date	Indicator	For	Forecast	Last
22-Jan	Existing Home Sales	Dec	4.94M (A)	5.04M
22-Jan	Richmond Fed Manufact. Index	Jan	-12 (A)	5
23-Jan	House Price Index MoM	Nov	0.7%	0.5%
23-Jan	IMF World Economic Outlook	-	-	-
25-Jan	New Home Sales	Dec	385K	377K

Source of Chart Data: WSJ.com; Source of Financial Data: Bloomberg Documentation

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