



Market in a Minute

January 21, 2015

Index Performance

Index	Price	Last Week	YTD
Dow Jones 30	17512	-1.3%	-1.7%
S&P 500	2019	-1.2%	-1.9%
NASDAQ	4634	-1.5%	-2.1%
Russell 2000	1177	-0.8%	-2.3%
Russell 2000 Growth	707	-1.1%	-2.0%
Russell 2000 Value	1483	-0.4%	-2.6%
Russell 1000 Growth	946	-1.1%	-1.6%
Russell 1000 Value	1184	-1.3%	-2.1%
Shanghai SE Index	3265	-3.6%	-3.7%
SPDR Gold Shares	122.52	4.5%	7.9%
GS Crude Oil Total Return	11.09	-0.3%	-11.6%
Powershares US \$ Index	24.59	0.9%	2.6%
Ishares EAFE Index	60.79	1.9%	-0.1%
iShares Barclays 20+ Yr Treasury Bond	133.19	1.6%	5.8%

Source: Bloomberg & MSN, Returns are appreciation only.

S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	673	-2.5%	-2.8%
Consumer Disc.	553	-1.7%	-3.5%
Consumer Staples	508	0.3%	1.6%
Health Care	815	0.2%	2.9%
Financials	317	-2.7%	-5.0%

A Word on the Market by Pat Adams, CFA

The tape feels horrible. The lack of liquidity is concerning. The equity market is negative on the year. Treasury bonds, on the long end of the yield curve, continue to fall in yield. There has been a significant flight to quality. The current yield on the junk bond market is 6.81% relative to a yield on a 5 year treasury of 1.29%. The current spread between junk and treasuries is currently around 5.5%. Historically the spread seems to normalize around 5%-7% over treasuries, but has been significantly lower. The chart below is the spread between junk and treasuries over the past year.



We cannot remember ever seeing a Business Development Company ever pre-announcing earnings as life tends to move a little slower for BDCs. This morning Main Street Capital pre-announced their earnings better than expected. We believe earnings for the BDCs will be just fine this quarter. The BDC sector has been under pressure due to concerns about falling oil prices (really not material for BDCs), but also due to a flight to

Industrials	470	-1.3%	-3.5%
Energy	559	-1.5%	-4.6%
Telecommunications	154	1.9%	1.3%
Utilities	247	2.6%	3.0%
Materials	301	-1.2%	-1.5%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	0.25	5-Year	1.29
3-Month	0.03	10-Year	1.83
6-Month	0.07	30-Year	2.44
2-Year	0.49		

Source: Bloomberg.com

Economic Events This Week

Date	Event	Forecast	Previous
21-Jan	Housing Starts	1040K	1028K
21-Jan	Building Permits	1060K	1035K
22-Jan	Initial Claims	300K	316K
22-Jan	Continuing Claims	2380K	2424K
23-Jan	Existing Home Sales	5.10M	4.93M
23-Jan	Leading Indicators	0.4%	0.6%

Source: Briefing.com

Economic Events Last Week

Date	Event
14-Jan	Retail Sales for Dec. dropped - 0.9% which was much lower than estimates of 0.1%
14-Jan	Retail Sales ex-auto for Dec. was down 1.0% compared to expectations of 0.1%
14-Jan	Business Inventories for Nov.

quality, similar to what is happening in the junk bond market.

Thursday is a big day for the market with the ECB making their announcement to implement Quantitative Easing thru the purchase of open market sovereign debt. It appears the market is expecting around 550 billion euro or around \$630 billion. If the market is disappointed with the ECB we think a correction in our markets will likely develop.

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	was reported at 0.2% vs. forecasts of 0.3%
14-Jan	Initial Claims for the week of 1/10 came in at 316K which was higher than estimates of 290K
15-Jan	PPI for Dec. came in at -0.3% compared to estimates of -0.4%
15-Jan	Core PPI for Dec. rose 0.3% vs. expectations of 0.1%
15-Jan	The Philadelphia Fed for Jan. was reported at 6.3 compared to consensus forecasts of 19.0
16-Jan	CPI for Dec. came in at -0.3% vs. estimates of -0.4%
16-Jan	Core CPI for Dec. was reported at 0.0% vs. expectations of 0.1%
16-Jan	The Industrial Production for Dec. was reported at -0.1% which was in line with estimates
16-Jan	The Capacity Utilization for Dec. came in at 79.7% vs. forecasts of 79.9%
16-Jan	The Michigan Sentiment for Jan. came in at 98.2 vs. estimates of 94.1

Source: Briefing.com

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