

MONDAY MORNING RECAP - 01/30/12

A MIXED RESULT

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|-----------------|--------|-----|-------|
| Dow Industrials | -0.47% | -60 | 12660 |
| S&P 500 | 0.07% | +1 | 1316 |
| NASDAQ | 1.07% | +30 | 2817 |

MONDAY (DJIA -12) 25% of the S&P500 has now reported Q4 earnings. 47% beat expectations, 22% were in-line, and 31% missed – a little disappointing so far. This week will be the busiest reporting week. Greece seems to be getting closer to reaching agreement on haircutting its debt with private investors. It seems they are still haggling over the interest rate Greece will have to pay from now on.

TUESDAY (DJIA -33) A stand-off in Greek debt reduction talks weighed on stock markets. European flash Purchasing Managers Indexes were surprisingly positive, showing a pickup in manufacturing and service sectors. The IMF cut global growth GDP growth estimates to 3.3% for 2012 but warned that the Euro-Zone debt crisis could cut off another 2% if not managed successfully. The Richmond Fed manufacturing index came in at 12 ; 3 was expected. Something positive is happening in our economy!

WEDNESDAY (DJIA +83) U.S. pending home sales fell 3.5% from last month, but that follows large upticks in the previous two months. The impasse in Greek debt restructuring is weighing on markets a bit. Stock markets, down 96 early, turned around when the Fed said it would keep interest rates low until at least late 2014, and continued to rally after Bernanke's press conference. Some called this move QE2.5. Apple's blowout earnings helped, German confidence improved, Italian retail sales were weaker than expected; the UK GDP fell .2% in Q4.

THURSDAY (DJIA -22) December new home sales were -2.2% vs. +1.9% expected. It was a disappointment and contrary to other housing metrics which have been mostly improving. Durable goods orders in Dec. were up 3%; +2% was expected. Jobless claims were 377K for the week, a decent number. Leading Indicators rose 0.4% vs. 0.7% expected and 0.2% the previous month. Earnings reports continue to be somewhat mixed.

FRIDAY (DJIA -74) The market was a lot better than it looked as the NASDAQ was actually up 11 and the S&P500 was down only 2. Q4 GDP came in at +2.8%, which was below expectations of +3%. Nevertheless, to put it in perspective, Q1 was +0.8%, Q2 was +1.3%, Q3 was +1.8% and Q4 was +2.8% - a nice progression in the right direction. For 2011, GDP grew 1.7% - pretty tepid. The Nasdaq and S&P500 both had positive weeks for the 4th week in a row; it was the first week in four that the DJIA fell.



*****All point change references above are to the Dow Industrial Average*****

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