



The Centurion MARKET REVIEW

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INDEX	This Week	Last Week		Change	% Change	YTD % Change	
DOW	11,115.3	10,919.1	▲	196.3	1.80%	3.71%	▲
NASDAQ	2,282.4	2,261.9	▲	20.5	0.91%	3.49%	▲
S&P 500	1,287.2	1,267.0	▲	20.3	1.60%	3.12%	▲
5yr Treasury	4.55%	4.58%	▼	- 3 bps	- 0.70%	3.50%	▲
10yr Treasury	4.54%	4.58%	▼	- 4 bps	- 0.87%	4.27%	▲
Gold (\$)	554.6	553.5	▲	1.10	0.20%	7.17%	▲
Oil (\$/barrel)	61.29	61.84	▼	- 0.55	- 0.89%	0.41%	▲

Market Summary

Breakout

Not the bird flu thankfully but the equity markets (thankfully) as a two-year trading range was broken to the up-side this week. Early in the week, the S&P once again held firm at the 1260'ish support number. The failure to breach this all important level combined with a six week low in oil prices and Gentle Ben's non-threatening testimony on Capitol Hill gave the markets all they needed. The only fly in the ointment was that we moved up on lighter than average volume. For the week, the Dow was up 1.8%, the NASDAQ gained 0.9% and the S&P marched ahead by 1.6%.

Core finished goods PPI (Producer Price Index) prices were higher than expected, rising 0.4% in January. In the past three months core finished goods prices have increased at a 2.6% annualized rate. Overall finished goods PPI prices rose 0.3% in January, as gas prices fell 3.5% at the wholesale level and are up 5.7% over the last 12 months. Nevertheless, the raw material cost side of manufacturing has shown considerable upward pressure over the last three months which may be a harbinger of further inflation pressures at the finished goods level in the months ahead. The yields curve remains inverted, the two-ten spread currently at -13 basis points. The fed funds target rate is currently priced to reach 4.75% at the March's Fed meeting. The probability of it reaching 5% by May or the middle of the year is currently at 65% and over 90%, respectively.