



The Centurion MARKET REVIEW

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PAGE 1

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INDEX	This Week	Last Week		Change	% Change	YTD % Change	
DOW	10,793.7	10,907.2	▼	- 113.5	- 1.04%	0.71%	▲
NASDAQ	2,262.6	2,304.2	▼	- 41.7	- 1.81%	2.60%	▲
S&P 500	1,264.0	1,283.7	▼	- 20.0	- 1.53%	1.26%	▲
5yr Treasury	4.50%	4.43%	▲	7 bps	1.38%	2.28%	▲
10yr Treasury	4.53%	4.50%	▲	3 bps	0.67%	4.09%	▲
Gold (\$)	576.8	563.7	▲	13.10	2.32%	11.46%	▲
Oil (\$/barrel)	65.37	67.76	▼	- 2.39	- 3.53%	7.09%	▲

Market Summary

Dot Bomb

Google and Amazon both missed earnings, sending the high-flyers into a tailspin. Google dropped 14.3% while Amazon gave up 18.4% from last week. Once again this week, the markets neared the top of their trading ranges only to give ground amid sharp sell offs. The Dow dropped over 1% while the S&P gave up 1.5% and the tech heavy NASDAQ, led by Google and Amazon, fell 1.8%.

Nonfarm payrolls rose 193,000 in January which, while lower than expected, is still a solid gain in jobs. In addition, there were net upward revisions to payrolls in the prior two months, totaling 124,000. January's employment level, taking into account the revisions, is 317,000 above the previously-reported December level. Over the last three months, nonfarm payroll growth has averaged 229,000 per month. The unemployment rate fell to from 4.9% in December to 4.7% in January, the lowest rate since July 2001. In a hint of inflation, average hourly earnings rose 0.4% in January while the 12-month change in average hourly earnings rose to 3.3%, the highest 12-month rate of increase in almost three years.

In Uncle Alan's last meeting, the Fed stated "possible increases in resource utilization as well as elevated energy prices have the potential to add to inflation pressures." This report is likely to further raise inflation concerns. The market firmly believes that Gentle Ben will hike rates at his first meeting in March.

In an attempt to dampen the real estate market, Fed Governor Susan Bies said on Thursday, "there are certain rapidly growing business lines in banking operations that are placing pressures on risk-management systems." In discussing the guidance on exotic mortgage products, such as interest-only loans, Bies repeated that government regulators were concerned risk-management practices had not kept pace with the risks that these widely available loan products could present. She also cautioned that these risks could be "heightened by a downturn in the housing market." Bies said that in the past such products were normally offered to higher-income borrowers only, but they now were being extended to low-income borrowers in the sub-prime market.