



The Centurion MARKET REVIEW

Vol. 1, No. 91 January 2006

PAGE 1

January 27, 2006

INDEX	This Week	Last Week		Change	% Change	YTD % Change	
DOW	10,907.2	10,668.5	▲	238.7	2.24%	1.77%	▲
NASDAQ	2,304.2	2,249.7	▲	54.5	2.42%	4.49%	▲
S&P 500	1,283.7	1,261.7	▲	22.0	1.75%	2.84%	▲
5yr Treasury	4.43%	4.30%	▲	13 bps	3.12%	0.89%	▲
10yr Treasury	4.50%	4.36%	▲	14 bps	3.28%	3.40%	▲
Gold (\$)	563.7	554.0	▲	9.70	1.75%	8.93%	▲
Oil (\$/barrel)	67.76	68.48	▼	-0.72	-1.05%	11.01%	▲

Market Summary

Back in Black

Interest rates spiked upward this week as traders viewed the results of the 2-year auction poorly. The focus was the low, indirect bidding (which often reflects the activity of overseas central banks). Indirect bidders took only 24.5% of the auction against an average 34% in the 12 auctions that took place last year. The auction on Wednesday placed the 10-year at its 4.49% resistance level. The 10-year Treasury ended the week at 4.50%, an increase of 3.3% from last week.

4th quarter GNP was released Friday before the opening, showing that the economy grew at only a 1.1 percent annual rate in the fourth quarter last year, the slowest pace in three years, amid belt-tightening by consumers facing spiraling energy costs. Even with the feeble showing from October through December, the economy registered respectable overall growth of 3.5 percent for all of 2005 — a year when business expansion was undermined by devastating Gulf Coast hurricanes.

As January goes, so goes the market. At least that's the old saying and January is saving the best for last. Tuesday January 31 is a big day as it is Uncle Alan's last meeting at the Fed; it is also the day that Goggle reports and President Bush delivers the State of the Union where we expect social security reform to be put back on the table. This week put the equity markets back in the black as the Dow gained 2.24%, the S&P was up 1.75% and, once again, the NASDAQ soared 2.42%