Weekly Market Guide

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Commentary: U.S. retail sales and fourth-quarter GDP for key European countries and Japan are potential market moving data points this week. In the United States, retail sales for January will provide one of the first glimpses at the strength of consumer spending in the first quarter. A first reading of GDP data for the largest countries in Europe is expected to show contraction across the region in the fourth quarter. S&P 500® earnings season tapers down this week with about 50 S&P 500 firms reporting. All told, we believe equity markets have performed well so far in 2013, partially due to reduced headline and macro risks, better-than-expected corporate earnings, and early signs that economic growth is improving early in 2013. Importantly, we also believe these improvements are fragile, and more work out of U.S. and European policy makers is needed to maintain positive momentum.

Week in Review: As expected, the ECB and BOE kept monetary policy unchanged in their meetings last week. It was a mixed week for equity markets around the globe, while the U.S. 10-year Treasury yield was slightly lower for the week. As of Friday, 334 S&P 500 firms have reported earnings. So far, 72% have reported earnings above estimates while 67% have beat on the revenue front. If the remaining firms report earnings at their mean estimate, earnings growth for fourth quarter will be 3%, which is better than was expected at the beginning of earnings season. One concerning feature of this earnings season is that many firms are still issuing negative EPS guidance for 2013.

Domestic Equities						
	Last wk (%)		-	P/E (x)	P/E fwd (x)	Div vld (%)
S&P 500	0.31	6.43	13.06	14.19	14.82	2.07
S&P 500 Growth	0.49	5.38	11.40	16.23	16.28	1.88
S&P 500 Value	0.13	7.56	14.91	13.25	13.88	2.39
S&P Mid-Cap 400	0.68	8.69	14.99	18.34	17.86	1.40
S&P Small-Cap 600	0.55	7.49	13.08	19.12	19.83	1.32
FTSE NAREIT Equity	0.33	4.41	13.35	-	-	3.39
Global Equities						
	Last wk (%)	YTD (%)	52-wk (%)	P/E (x)	P/E fwd (x)	Div yld (%)
World	-0.56	5.00	9.18	13.92	14.30	2.55
MSCI EAFE	-0.09	4.28	8.69	18.63	12.67	3.35
MSCI EM	-1.11	0.54	0.75	12.31	10.43	2.68
Developed						
Japan	1.27	4.02	3.10	13.07	18.24	2.27
U.K.	0.12	4.51	11.79	14.54	13.61	3.06
Germany	-3.85	3.61	13.88	13.53	11.88	2.74
Canada	0.10	2.66	3.21	13.87	15.65	2.63
Emerging						
China	-0.64	6.17	6.63	13.98	12.53	2.23
South Korea	-0.17	-4.20	-0.47	10.42	10.00	1.32
EMEA	-1.11	1.88	3.96	9.59	10.01	3.37
Latin America	-1.32	3.78	-0.14	13.05	15.83	5.52

Economic Data		Consensus	Previous
2/11	FR IP (y/y)	-2.1%	-3.6%
2/12	IN IP (y/y)	1.1%	-0.1%
_,	US NFIB Smaill Bus.	89.0	88.0
2/12	JN Industry Index	0.7%	-0.3%
	EC IP (m/m)	0.2%	-0.3%
2/13	US Import Prices	0.8%	-0.1%
2/13	US Retail Sales (m/m)	0.1%	0.5%
2/13	US Retail Ex Autos	0.2%	0.3%
2/13	US Retail Control	0.3%	0.6%
2/13	US Business Investories	0.3%	0.3%
2/13	JN GDP (q/q)	0.1%	-0.9%
2/14	JN BoJ Target Rate	-	0.1%
2/14	FR GDP (q/q)	-0.2%	0.1%
2/14	GE GDP (q/q)	-0.5%	0.2%
2/14	EC GDP (q/q)	-0.4%	-0.1%
2/14	IT GDP (q/q)	-0.6%	-0.2%
2/14	US Jobless Claims	360k	366k
2/15	UK Retail Sales (m/m)	0.5%	-0.3%
2/15	US IP (m/m)	0.2%	0.3%
2/15	US U.Mich. Conf.	74.6	73.8

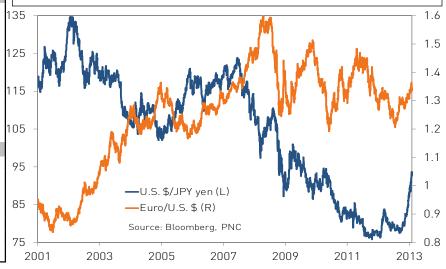
Alternative Assets					
	Last wk	Last wk	VTD /0/\	52-wk	
	price	rtn (%)	YTD (%)	(%)	
DJ/UBS	141.2	-0.86	1.54	-2.54	
HFRX Macro	1154.5	0.24	-1.00	-0.86	
TIPS Index	294.2	0.05	-1.04	4.39	
Rates					

	Friday Close (%)	3-mo ago (%)	6-mo ago (%)	12-mo ago (%)		
ed Funds	0.13	0.16	0.13	0.11		
rime	3.25	3.25	3.25	3.25		
-yr Treas	0.25	0.27	0.29	0.27		
0-yr Treas	1.99	1.62	1.68	2.01		
0-yr Mgt	3.61	3.41	3.65	3.81		
G Yield	2.86	2.73	3.10	3.53		
IY Corp	6.62	7.04	7.42	7.77		
Currencies/Commodities/Volatility						
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30-yr Mgt	3.61	3.41	3.65	3.81				
IG Yield	2.86	2.73	3.10	3.53				
HY Corp	6.62	7.04	7.42	7.77				
Currencies/Commodities/Volatility								
\$Index \$per€	80.25 1.34	81.08 1.27	82.65 1.24	79.67 1.33				
\$ per £	1.58	1.60	1.57	1.58				
¥ per\$	92.74	79.83	78.36	76.90				
Gold	1666.90	1726.00	1616.00	1731.30				
Crude Oil	95.72	85.09	93.35	98.71				
VIX	13.02	18.49	15.32	18.16				

PNC's WEEKLY CHART

Both European Central Bank and Bank of Japan officials have commented on recent moves in their currencies. The euro has appreciated in recent weeks against the dollar, while the yen has weakened vis-à-vis the dollar. These moves and comments are keeping many currency investors on edge. This week we look for clarity from global policy makers surrounding the recent moves and future intensions.





Sources: FactSet Research Systems, Dow Jones UBS Index, Barclays Capital, Bankrate.com, Chicago Board Options Exchange, Bloomberg, Bank of America/ Merrill Lynch, HFR Asset Management, LLC, MSCI

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