Weekly Market Guide

February 19, 2013

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Commentary: PMI data out of Europe and U.S. housing data are potential market moving data points this week. PMI data for February will provide an early indication of how Europe's largest economies are holding up midway through the first quarter. In addition to these data points, we continue to look for updates on the upcoming sequestration that is set to begin on March 1. Our view has not changed; we believe the sequestration will come into effect, at least for a short period of time. This will likely be a weight on economic growth. Also upcoming is the deadline for the Continuing Resolution (end of March), which is being used to fund a significant amount of the federal government operations in lieu of a formal budget. 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. However, upcoming deadlines for U.S. fiscal policy makers could be an impetus for market volatility in the coming weeks.

Week in Review: Data released last week were mixed, leaving equities little changed. In the United States, industrial production data and retail sales fell short of expectations while jobless claims continued to improve. At a G-20 meeting in Moscow, leaders reiterated their intentions not to interfere with currency markets, easing some concerns that "beggar thy neighbor" policies will take hold.

Domestic Equities	Last wk (%)	YTD (%)	52-wk (%)	P/E (x)	P/E fwd (x)	Div yld (%)
S&P 500	0.12	6.56	11.65	14.35	14.80	2.06
S&P 500 Growth	0.06	5.44	10.25	16.06	16.29	1.87
S&P 500 Value	0.18	7.76	13.19	13.65	13.87	2.38
S&P Mid-Cap 400	0.60	9.34	13.32	17.99	17.84	1.40
S&P Small-Cap 600	0.82	8.37	11.84	18.82	19.87	1.31
FTSE NAREIT Equity	0.33	4.75	13.32	-	-	3.40

Global Equities	Last wk (%)	YTD (%)	52-wk (%)	P/E (x)	P/E fwd (x)	Div yld (%)
World	0.03	5.06	7.53	14.01	14.24	2.55
MSCI EAFE	-1.04	3.71	6.39	18.97	12.67	3.36
MSCI EM	0.71	1.07	0.20	12.36	10.43	2.66
Developed						
Japan	-2.71	1.20	-1.09	13.00	18.41	2.29
U.K.	-0.80	3.67	9.45	14.37	13.39	3.10
Germany	-0.57	3.02	11.26	13.52	11.89	2.73
Canada	-1.16	1.47	0.94	14.32	15.20	2.68
Emerging						
China	0.78	6.41	4.85	14.02	12.58	2.22
South Korea	3.25	-1.35	1.09	10.88	10.09	1.28
EMEA	-0.55	1.02	1.16	9.72	9.81	3.47
Latin America	-0.33	3.22	-3.03	13.79	15.64	5.50

Economic Data		Consensus	Previous
2/19	GE Zew Econ Sent.	35.0	31.5
2/19	JN All Industry Index	1.7%	-0.3%
2/20	GE CPI (y/y)	1.7%	1.7%
2/20	FR Bus. Conf.	87.0	86.0
2/20	IT Industrial Orders	-9.5%	-6.7%
2/20	UK Unemployment Rate	7.7%	7.7%
2/20	US Housing Starts	920k	954k
2/20	US Building Permits	920k	903k
2/20	US PPI (y/y)	1.5%	1.3%
2/20	EC Consumer Conf.	-23.2	-23.9
2/21	FR PMI Manufacturing	43.8	42.9
2/21	FR PMI Services	44.4	43.6
2/21	GE PMI Manufacturing	50.5	49.8
2/21	GE PMI Services	55.5	55.7
2/21	EC PMI Manufacturing	48.5	47.9
2/21	EC PMI Services	49.0	48.6
2/21	EC PMI Composite	49.0	48.6
2/21	US CPI (y/y)	1.6%	1.7%
2/21	US Existing Home Sales	4.9m	4.94m
2/21	US Leading Indicators	0.2%	0.5%

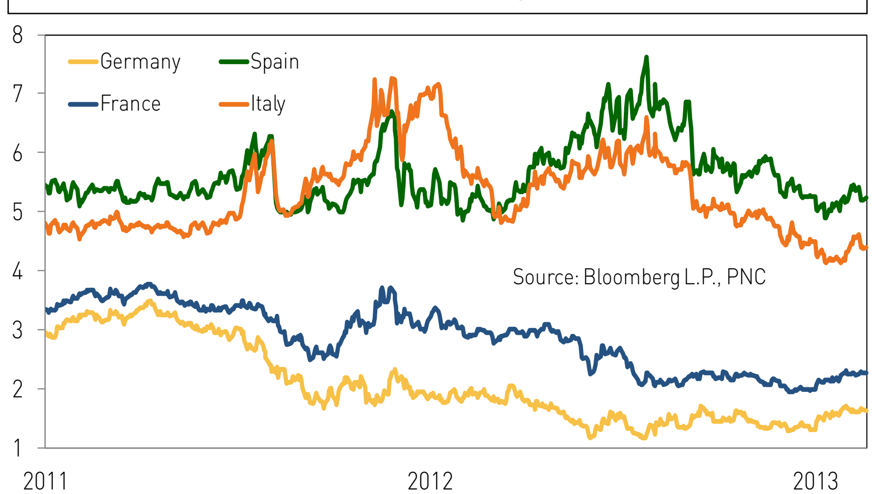
Alternative Assets	Last wk price	Last wk rtn (%)	YTD (%)	52-wk (%)
DJ/UBS	139.2	-0.76	0.09	-4.50
HFRX Macro	1158.2	-0.02	-0.68	-0.92
TIPS Index	293.2	-0.35	-1.38	4.30

Rates	Friday Close (%)	3-mo ago (%)	6-mo ago (%)	12-mo ago (%)
Fed Funds	0.13	0.16	0.13	0.12
Prime	3.25	3.25	3.25	3.25
2-yr Treas	0.29	0.24	0.27	0.29
10-yr Treas	2.01	1.58	1.80	1.93
30-yr Mgt	3.66	3.44	3.55	3.88
IG Yield	2.87	2.76	3.16	3.49
HY Corp	6.55	7.20	7.42	7.72

Currencies/Commodities/Volatility	Friday Close (%)	3-mo ago (%)	6-mo ago (%)	12-mo ago (%)
$ Index	80.58	80.93	81.36	78.82
$ per €	1.34	1.28	1.23	1.31
$ per £	1.55	1.59	1.57	1.57
¥ per $	93.81	81.10	78.86	78.34
Gold	1609.50	1713.80	1606.60	1728.10
Crude Oil	95.86	85.45	94.33	101.80
VIX	12.46	17.99	14.63	21.14

PNC's WEEKLY CHART

GDP data out of Europe signaled contraction throughout almost all of the Eurozone in the fourth quarter. Despite these growth woes, yields on sovereign debt are little changed. We attribute a portion of this calmness to positive developments by both fiscal and monetary policy makers in Europe. However, we also believe that policy makers need to take more action to maintain the progress already made. PMI data released this week will be an early indication of the prospects for economic growth in the first quarter.



Data as of 2/15/2013. Please see reverse side for important disclosures.

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