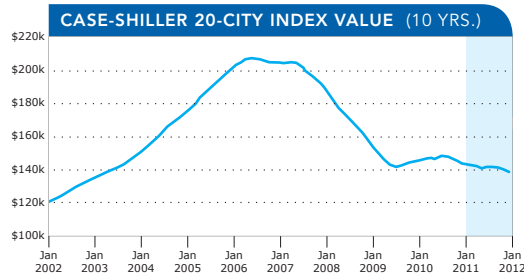
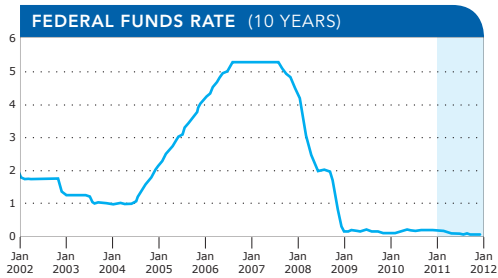


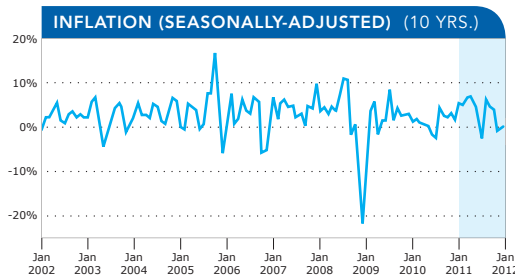
**MONTHLY ANALYSIS** The Dow Jones Industrial Average closed the year with a better than 5% gain — standing out as the best performer of the major indices. Despite this improvement, it remains below its best levels of the year, and well below the levels achieved prior to the recession in 2008. The Dow Jones Industrial Average is comprised of 30 large, publicly owned companies based in the United States and is a good indicator of overall health of the market.



**MONTHLY ANALYSIS** Home prices continued their decline, and remain a significant drag on the economy and the ability of the economy to improve going forward. Foreclosure delays continue to prevent the housing market from resolving the crisis naturally, and are contributing to a variety of concerns on the part of consumers. The Case-Shiller 20-City Index tracks home prices in 20 major metropolitan areas in the United States.



**MONTHLY ANALYSIS** Monetary policy remains at extremely accommodative levels and the Federal Reserve signaled that it will remain so well into the future. While in the past such a stance stoked fears of inflation, with high unemployment and a damaged housing market there are fewer concerns about inflationary pressures now. The Federal Funds Rate is the interest rate banks charge each other for loans.

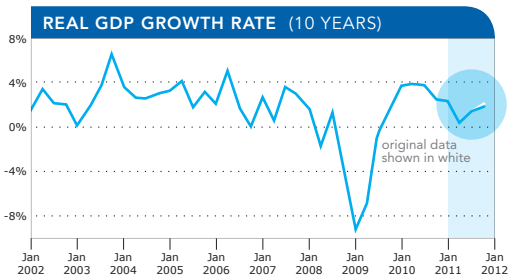


**MONTHLY ANALYSIS** Inflation remains low and seemingly under control despite historically low interest rates and fiscal policy lacking any semblance of control or discipline. The disagreements playing out in the media regarding monetary policy are focused on what may happen to inflation, not what we see in the current data. Inflation is the rise in the price of goods and services, and is measured by annualized monthly percentage changes in the consumer price index (CPI).

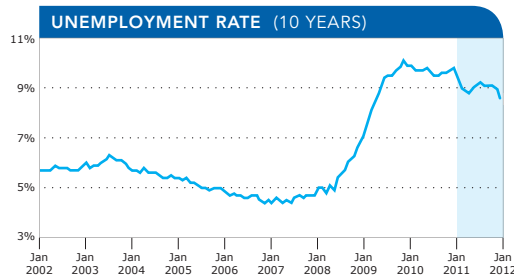


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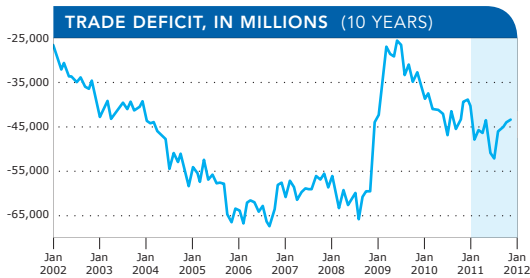
**JANUARY 2012 ECONOMIC INDICATORS**  
 USING DATA AVAILABLE SEPTEMBER 1 – DECEMBER 1



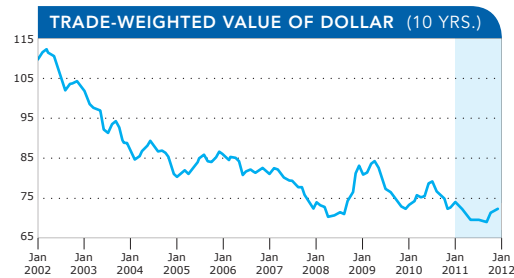
**MONTHLY ANALYSIS** Real GDP was revised down below 2% to 1.8% on an annual basis. While the magnitude of the revision was small, there is a larger psychological effect to this revision. Many policy officials and financial market participants view 2% as a crucial floor on growth that represents a level on which the economy can build. Without better levels of growth in the economy, it will likely be more difficult to generate sustained decreases in unemployment. Real gross domestic product is an inflation-adjusted measure that reflects the value of all goods and services produced in a given year.



**MONTHLY ANALYSIS** While it is declining, the unemployment rate is not dropping fast enough to satisfy policy authorities or the general public. Without improvements in overall economic growth, firms remain reluctant to hire and people do not believe there will be opportunities. If this Catch-22 is not resolved soon, there may be a generation of workers that will be permanently behind in job skills and earnings. The standard unemployment rate tracks people who have looked for work in the last 4 weeks.



**MONTHLY ANALYSIS** The trade deficit continues some improvement, though the overall position continues to be a significant deficit. The improvement occurred despite problems in the Euro-area, a large U.S. trade partner. The deficit remains well off its high levels reached immediately prior to the financial crisis and is still well below the recent highs achieved after the "Great Recession" took hold in the U.S. The balance of trade measures the nation's imports and exports. A negative balance is referred to as a trade deficit; this occurs when we import more than we export.



**MONTHLY ANALYSIS** The value of the dollar improved somewhat recently, though not necessarily due to improved economic fundamentals in the U.S. The continued problems in the Euro-area, economic weakness in England, and problems with inflation in countries like China make the U.S. look better by comparison — and therefore the exchange value of the dollar benefitted. The trade-weighted U.S. dollar index is a measure of the value of the U.S. dollar relative to other world currencies.



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