Janney Montgomery Scott, LLC

Market View Daily

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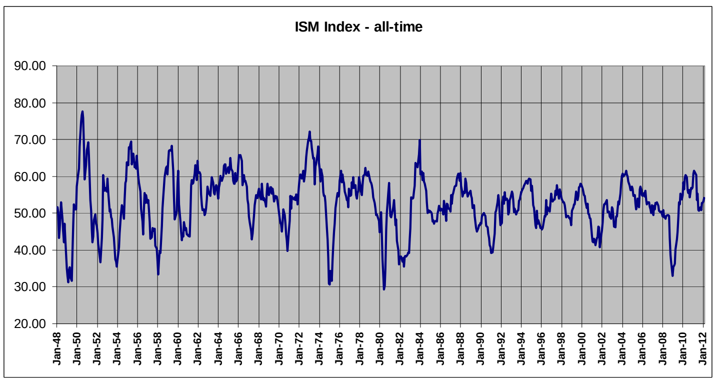
2012		Prior			%	%	%
Market Data		CLOSE	LAST	CHANGE	Daily	YTD	Jan.
D J Industrials	.DJIA	12653.72	12632.91	(20.81)	(0.16)	3.40	3.40
S&P 500	SPX	1313.01	1312.41	(0.60)	(0.05)	4.36	4.36
NASDAQ Comp	COMP	2811.94	2813.84	1.90	0.07	8.01	8.01
SOX Index	SOX	408.74	408.94	0.20	0.05	12.21	12.21
Biotech Index	BTK	1319.64	1322.04	2.40	0.18	21.13	21.13
DJ Transports	.TRAN	5321.97	5319.14	(2.83)	(0.05)	5.97	5.97
DJ Utilities	.UTIL	446.56	448.84	2.28	0.51	(3.41)	(3.41)
Volatility Index	VIX	19.40	19.44	0.04	0.21	(16.92)	(16.92)
S&P Midcap 400	MID	937.62	936.51	(1.11)	(0.12)	6.52	6.52
S&P 100	.OEX	594.51	593.83	(0.68)	(0.11)	4.04	4.04
Gold ETF	GLD	168.03	169.31	1.28	0.76	11.40	11.40
Russell 1000 Index	RUI	726.72	726.33	(0.39)	(0.05)	4.76	4.76
Russell 2000 Index	RUT	792.38	792.82	0.44	0.06	7.00	7.00



Starting off on the right foot

Futures had a strongly positive bias this morning on the heels of reports of better economic data from Europe and China. China's official PMI edged up from 50.3 during December to 50.5 in January after slipping below 50 in December, and Germany's PMI was 51.0 last month, up from 48.4 in December. Word of a possible Greek debt swap agreement helped also

The **ADP Employment Survey** showed an addition of 170,000 private sector jobs, which precisely matched the consensus estimate.

A strong start to the session was followed by the **ISM Index** report. At 54.1 the Index was one point above the downwardly adjusted number for last month but slightly lower than expected. Nearly an hour into the trading session, the Dow as up 140 points.

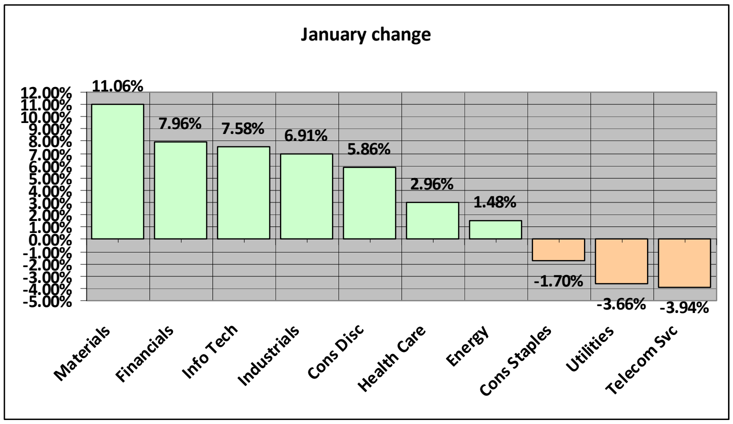
Within the ISM report, supplier deliveries rose to 53.6 from 51.5 and new orders were up to 57.6 from 54.8. The production index declined to 55.7 from 58.9. The inventory component of the survey rose in January to 49.5 from 45.5, but the employment index slipped to 54.3 from 54.8. The prices paid index increased to 55.5 from 47.5

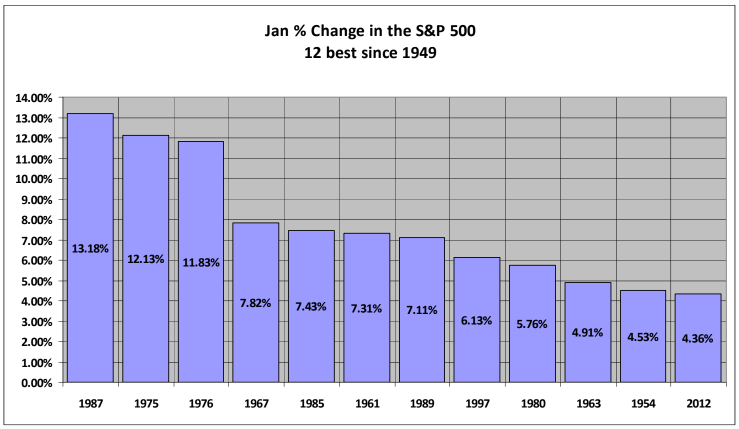
The energy inventory report showed that crude oil supplies increased 4.175 million barrels, which was nearly twice the increase that had been expected. Distillate inventories fell 135,000 barrels and gasoline supplies increased 3.017 million barrels.

The Mortgage Bankers Association mortgage activity measures all were lower. The Purchase Index was down 1.7 percent. The Application Index fell 2.9 percent, and the REFI Index was 3.6 percent lower. Refinancing as a percentage of loans was 80.0 percent versus 81.3 last week. The average rate on a 30-year mortgage fell to 4.09% from 4.11%. The average rate on a 15-year mortgage decreased to 3.36% from 3.40%.

The report on **construction spending** gave the market a modest boost as spending increased 1.5 percent, which was three times the anticipated rate of increase.

The latest Investors Intelligence report of investment advisory sentiment showed that bullish sentiment fell to 48.9 percent from 50.0 percent. Bearish sentiment increased to 29.8 percent from 28.7 percent, and the percentage of advisors expecting a market correction was unchanged at 21.3 percent.





Additional News from Yesterday

ExxonMobil (XOM, $85.49) reported EPS in line with consensus and revenue up 16%, to $121.6 billion (vs consensus $119.7 billion), owing to higher prices. Management reported a full year increase of 35% and 37% in net income and revenue, respectively. Shares fell 1.89

Mattel (MAT, $29.53) gained 5.15% after reporting EPS of $1.07 (vs consensus $1.01) and revenue up 1%, to $2.15 billion (vs consensus $2.22 billion) owing to strong demand for toys and lower costs. The company raised its quarterly dividend to $0.31 (from $0.23), payable on March 9.

Hologic (HOLX, $19.20) advanced 6.30% as it reported adjusted EPS of $0.34 (vs consensus $0.32) and revenue up 9%, to $472.7 million (vs consensus $466.4 million). Management guided full year adjusted EPS of $1.36 - $1.38 (vs consensus $1.36), and revenue of $1.93 billion (vs consensus $1.91 billion).

Eli Lilly (LLY, $39.25) advanced 1.43% after reporting adjusted EPS of $0.87 (vs consensus $0.81) and revenue down 2%, to $6.05 billion (vs consensus $5.89 billion). The company reaffirmed its full year EPS guidance of $3.10 - $3.20 (vs consensus $3.21), and revenue of $21.8 - $22.8 billion.

RadioShack (RSH, $10.23) dropped 29.81% after guiding 4Q EPS of $0.11 - $.013 (vs consensus $0.36) hurt by **Sprint (S,** $2.16) wireless business. S fell 1.62%.

The recent surge in the number of companies increasing dividends continued today as **Hershey (HSY)** increased its dividend by 10.1 percent, and **Broadcom (BRCM)** raised its dividend 11.1 percent.

Today's economic data was nothing to excite the market, but the data were solid. Perhaps hope for some resolution to the EU problem is generating added enthusiasm in EU nations, which is reflected in their economic measures.

It will not take much to give our equity market a lift. As we noted yesterday, a one multiple point change in the S&P 500 would add 100 point to the index. Getting a multiple point boost merely could result from a reduction in worries about Europe. Concern about a notable slowdown China also seems to be fading.

The market's appetite for risk assets was abundantly clear in the movement of the S&P 500 sectors last month where typically defensive sectors actually fell even as the overall S&P 500 rose 4.36 percent. The rush to economically sensitive sectors will reach a level where it is overdone short-term. We think we are getting close to that level.

At the peak this morning the S&P 500 reached 1327.56, which was about six points below its most recent peak. If the market allows the S&P to move beyond the prior peak and approached 1350, reducing some exposure would be wise.

It is entirely possible that 1350 will not be the peak for the S&P 500 this year, but technical factors suggest that the market at 1350 would be stretched short-term and in need of a period of consolidation.

Have a great day.

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