

Additional News from Yesterday

General Motors (GM, \$24.93) reported financial results below consensus, as strong sales in the US and China were offset by weak results in Europe and South America. For the year, the company expects to increase prices and sales, but also expects profit margins to be hurt from selling more cars than trucks. Shares jumped 9.11%.

NetApp (NTAP, \$39.88) reported adjusted EPS in line with consensus and revenue of \$1.57 billion (vs consensus \$1.56 billion). Management guided 4Q adjusted EPS of \$0.60 - \$0.65 (vs consensus \$0.63) and revenue of \$1.65 - \$1.73 (vs consensus \$1.68 bill). Shares rallied 7.17%.

CBS (CBS, \$29.57, NR) reported adjusted EPS of \$0.57 (vs consensus \$0.53) and revenue down 3%, to \$3.78 billion (vs consensus \$3.9 billion). Management said advertising revenue fell 4%, to \$2.51 billion. Shares fell 0.91%.

Clearwire (CLWR, \$2.36) dropped 4.66% after reporting a wider than expected loss owing to higher costs. Management guided full year revenue of \$1.15 - \$1.25 billion (vs consensus \$1.37 billion) and an adjusted EBITDA loss of \$250 - \$350 million (vs consensus loss of \$94 million).

Marriott International (MAR, \$34.73) gained 0.26% after missing the street by a penny and reporting revenue up 1%, to \$3.69 billion (vs consensus \$3.74 billion). Management guided full year EPS of \$1.52 - \$1.64 (vs consensus \$1.58).

With U.S. markets closed for President's Day, when trading resumes next Tuesday the market could have plenty to consider. Various comments from EU officials point toward Monday when a final debt swap deal could be reached.

Despite the ongoing focus on Greece, today the market was influenced moderately by option and futures expirations. These, however, did not appear to sway trading much.

The major averages started the day higher, but they eased back after 90 minutes of trading. By 11 Am the Dow was 14 ½ points higher, but the NASDAQ was down 13 ¼ with pronounced weakness in semiconductor dragging the NASDAQ lower.

Next week's economic report calendar is light with no data due until Wednesday. The dearth of economic data could add to the intensity of interest in any news about Greece. Next week's calendar of economic reports is in the table on the left below.

There has been considerable debate lately about financial regulatory reform. This week Standard & Poor's issued a lengthy report that detailed what it thinks should be the key components of the regulatory reform debate.

The report, which is available by request from your Janney financial advisor, ended with what we think is highly relevant to the

regulatory reform debate.

S&P said, "The New Deal brought a huge wave of creative and radical initiatives that produced Glass-Steagall, the SEC, the FDIC and the FHA. Although the reforms were born in the nadir of the Great Depression, they did not merely seek to tackle the problems of the 1930s financial system within its current framework. Instead, they created a whole new framework. America's financial landscape was changed on a grand scale--and the change was clearly for the better. The recent financial reform legislation is much more narrowly tailored, though still extremely long and

16-Feb	Market cap	1 Day	MTD	QTD	YTD
S&P 500	12,291,418.86	1.10%	3.48%	7.99%	7.99%
Info Tech	2,460,922.87	1.57%	5.73%	13.74%	13.74%
Financials	1,752,067.41	1.60%	4.52%	12.85%	12.85%
Materials	444,203.56	1.68%	0.34%	11.44%	11.44%
Industrials	1,330,047.21	0.84%	2.22%	9.28%	9.28%
Cons Disc	1,326,042.13	0.53%	3.12%	9.16%	9.16%
Energy	1,483,459.84	1.24%	4.73%	6.28%	6.28%
Health Care	1,409,923.52	0.66%	1.50%	4.51%	4.51%
Cons Staples	1,327,342.45	0.67%	2.81%	1.06%	1.06%
Telecom Svc	330,868.76	0.66%	2.12%	-1.90%	-1.90%
Utilities	426,541.12	1.14%	0.60%	-3.08%	-3.08%

Economic Calendar - Feb. 20 -- Feb. 24

Feb 22 7:00 MBA Mortgage Index
Feb 22 10:00 Existing Home Sales
Feb 23 8:30 Initial Claims
Feb 23 8:30 Continuing Claims
Feb 23 10:00 FHFA Housing Price Index
Feb 23 11:00 Crude Inventories
Feb 24 9:55 Michigan Sentiment Index
Feb 24 10:00 New Home Sales

complex. Its extreme complexity reflects an attempt to fix an extremely complex financial system within the system's existing context and framework. By contrast, Glass-Steagall was just 37 pages long but still had enormous impact. Together with the other reforms of its era, it represented a forward looking and visionary approach. The financial system and its regulatory framework are vital to the health of the American economy. America might be well served by a financial regulatory framework that embodies purposeful design rather than one that is an amalgam of reactive steps (and sometimes reversals) spanning eight decades."

For many years we lamented the demise of Glass-Steagall in fear that its absence would produce exactly what it did - improperly regulated activity with insufficient due diligence to determine what risk factors were present. We understand the “reasoning” behind revoking Glass-Steagall but it was flawed. We put the word reasoning in quotes because the eradication of the Act in our view was motivated more by political pressure than considered thought.

Resurrecting Glass-Steagall is neither likely nor necessarily wise at this point, but as S&P pointed out, keeping financial regulatory reform simple and therefore clear and understandable is important. What we hope it does not turn out to be would be akin to attempting to kill a fly with a sledge hammer. It would be easy in the name of reform to make the regulatory process even more ineffective than it has been post Glass-Steagall.

Have a great weekend.

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