



Monthly Investment Update

February 4, 2011

The Markets

The first month of the new year started with a bang, though it ended with a bit of a whimper. Large caps generally took over the leadership role held for much of the almost two-year-old rally by the small caps and the NASDAQ. The Dow Jones Industrial Average flirted briefly with the 12,000 mark but couldn't hold on to it, while the Russell 2000 actually ended the month in negative territory. After a strong start, tech companies suffered at month's end, moderating the NASDAQ's advance.

Market/Index	2010 Close	Prior Month	As of 1/31	Month Change	YTD Change
DJIA	11577.51	11577.51	11891.86	2.72%	2.72%
NASDAQ	2652.87	2652.87	2700.08	1.78%	1.78%
S&P 500	1257.64	1257.64	1286.12	2.26%	2.26%
Russell 2000	783.65	783.65	781.25	-.31%	-.31%
Global Dow	2087.44	2087.44	2144.66	2.74%	2.74%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.30%	3.30%	3.42%	12 bps	12 bps

Global Economic Review

- Unemployment fell to 9.4%--the lowest since May 2009, according to the Bureau of Labor Statistics--as the nation's payrolls added 103,000 jobs.
- Surging energy costs--especially an 8.5% jump in gasoline prices--helped drive consumer inflation up by half a percent, though the Bureau of Labor Statistics said consumer inflation other than food and energy remained relatively tame. Inflation at the wholesale level rose at

its fastest pace since January 2010, though the Federal Reserve's "beige book" report said competitive pressures kept retailers and manufacturers from passing those costs along.

- The 3.2% economic growth seen in 2010's fourth quarter was stronger than the third quarter's 2.6%, according to the Bureau of Economic Analysis, and all 12 Federal Reserve districts reported at least some economic growth.
- A successful Portuguese bond auction helped allay short-term concerns about European sovereign debt.
- Sales of both new and existing homes rose sharply, while the Commerce Department said retail spending saw its sixth consecutive increase.
- Unrest in the Middle East helped push oil prices above \$90 a barrel, raising concerns about the potential economic impact.

Eye on the Month Ahead

Investors will be watching to see if January represents an ongoing rotation into large-cap stocks, the start of a weakening of the multi-year rally, or a positive sign of things to come. The potential for geopolitical unrest to affect oil prices--and by extension, the global recovery--could also affect equities.

Key dates and data releases: Auto sales, U.S. manufacturing, construction spending (2/1); labor productivity and costs, factory orders, U.S. services sector (2/3); unemployment/payrolls (2/4); international trade (2/11); retail sales, business inventories, import/export prices, international capital flows, National Association of Home Builders survey (2/15); wholesale inflation, Federal Reserve minutes, housing starts (2/16); consumer inflation (2/17); options expiration (2/18); home prices (2/22); home resales (2/23); durable goods orders, new home sales (2/24); revised Q4 gross domestic product (2/25); personal income/spending, pending home sales (2/28)

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indexes listed are unmanaged and are not available for direct investment.

Important Disclosure: Please remember that past performance may not be indicative of future results. All information presented herein is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this memorandum serves as the receipt of, or as a substitute for, personalized investment advice from Capital Advisory Group. Please remember to contact Capital Advisory Group if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Please also advise us if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. A copy of our current written disclosure statement discussing our advisory services and fees remains available for your review upon request.

Information provided in this report was prepared by Forefield, Inc. Forefield, Inc. does not provide legal, tax, or investment advice. All content provided by Forefield, Inc. is protected by copyright. Forefield, Inc. is not responsible for any modifications made to its materials, or for the accuracy of information provided by other sources.