

## **Martone Capital Management: Weekly Investment Commentary (1/29/2013)**

Stocks rose again last week, as strong early-year market conditions persisted. Bond markets also saw some movement with Treasury prices falling.

As was hinted at the previous week, last week the House of Representatives passed a bill that would suspend the debt ceiling issue through the middle of May. This move does lessen the near-term risks of a government shutdown or default, but does not represent any sort of significant change since no one really expects the United States to default on its debt. We would view last week's action as a minor positive for the economy and for risk assets.

The major fiscal policy issues remain unaddressed: Washington is getting no closer to a long-term budget deal and the national debt is growing faster than the overall economy. This is - and has been - a long-term issue and is unlikely to disrupt the markets in the short-term, especially since the debt ceiling threat has been postponed.

With fiscal issues moving to the sidelines, stocks and other risk assets have been able to advance. Our view is that this trend can continue for a bit longer, with the next significant threat coming in February or March if and when we begin to see evidence of an economic slowdown brought about by higher taxes and spending cuts.