

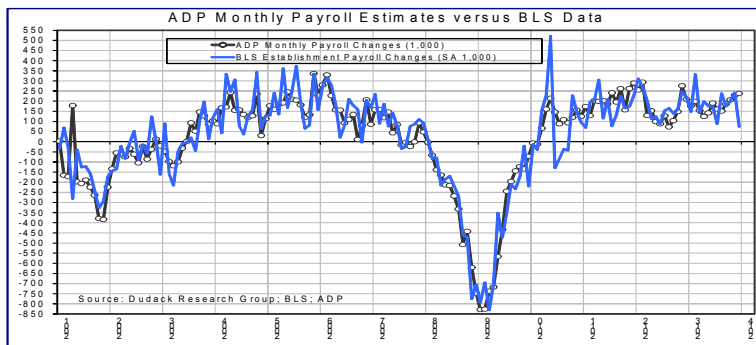
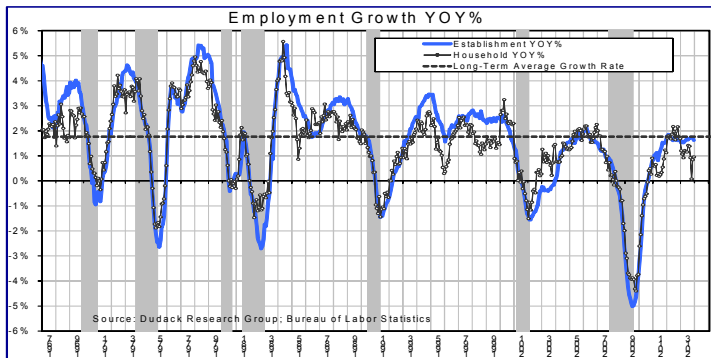


Direct From Dudack A Thud of a Report

The December employment report showed that a mere 74,000 new jobs were added in the month, well below the consensus expectation of 200,000+ new jobs. Revisions to prior months added 38,000 jobs, implying the total jobs added in this release was 112,000; nonetheless, this total fell far short of the 182,000 monthly average seen throughout 2013. The average hourly work week also edged lower by a fraction in December, but average hourly earnings for all employees rose 2 cents to \$24.17.

This is a confusing mix of data since the ADP release earlier this week implied a much stronger number for December, while BLS household data has been showing an underlying weakness to the job market for several months. The drop in the unemployment rate from 7% to 6.7% came mostly from a 490,000 decline in the number of unemployed. Given that the number of unemployed falls as unemployment benefits cease, this is not reassuring. See the table and chart of these underlying statistics on page 2. One indicator that continues to improve is the Misery Index – the sum of the unemployment rate and the rate of inflation. This shows a steadily improving environment for consumers. See page 3.

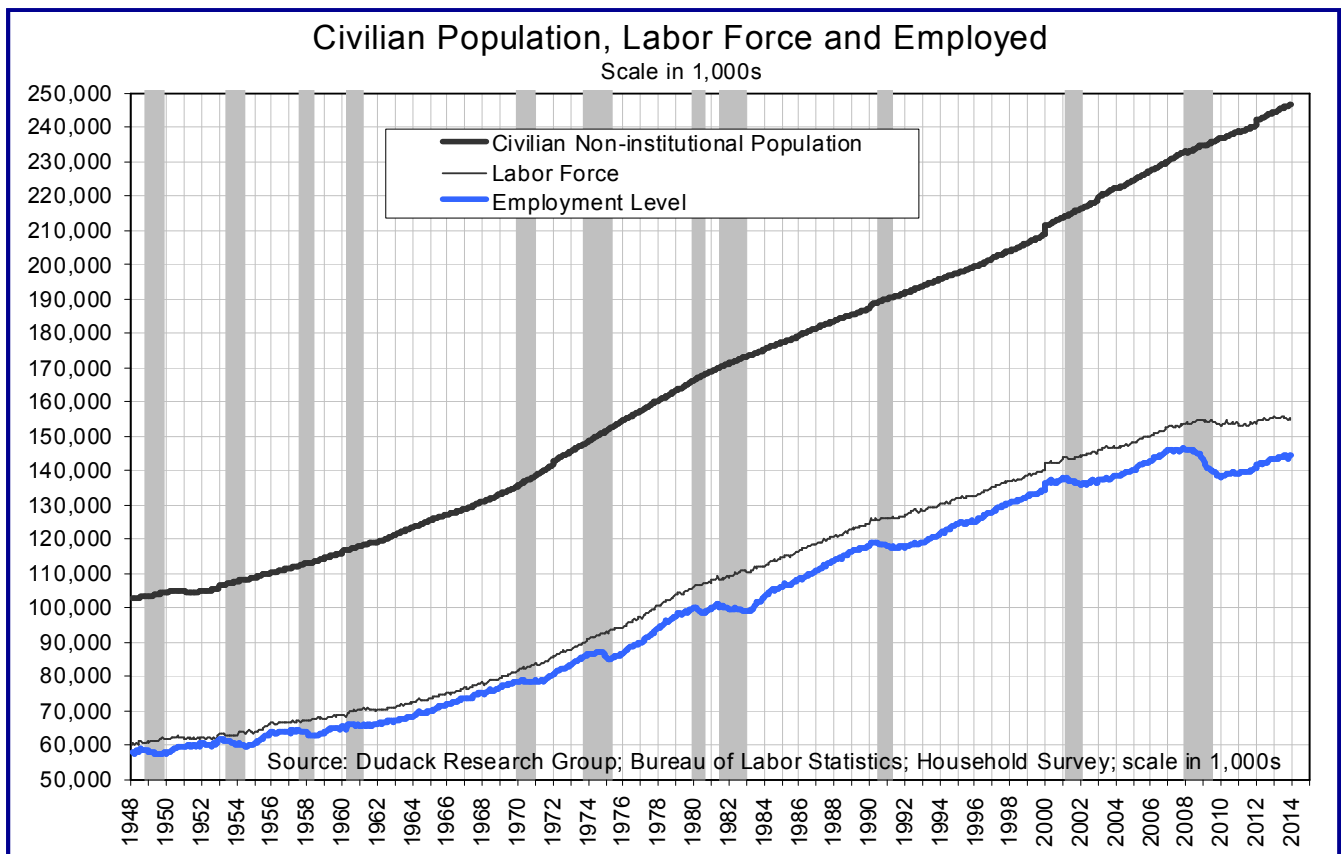
We do not believe one month of data will delay or change the FRB’s decision to taper. But we will be watching consumer confidence to see how December’s weak payroll could impact consumption.



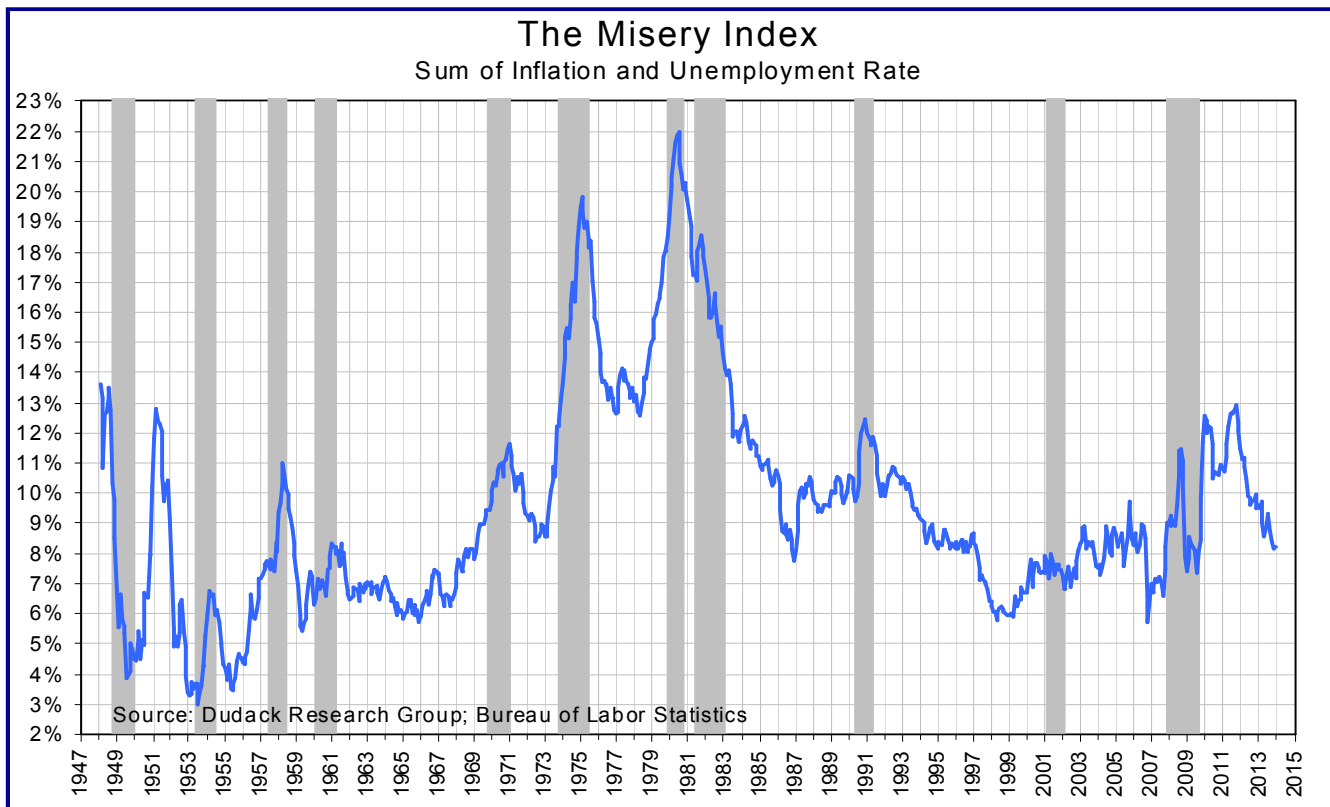
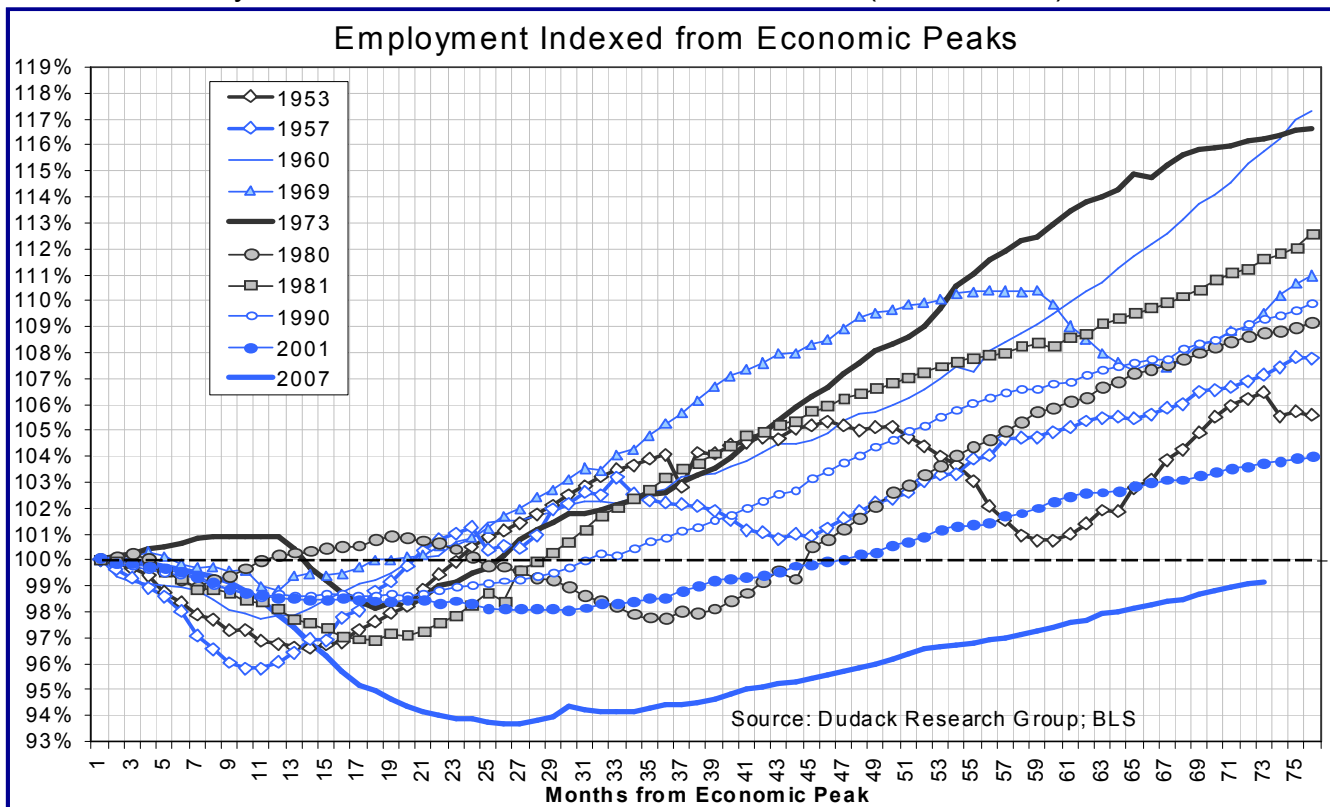
Note that the decline in the unemployment rate comes from the fact that in the household survey, 490,000 people were no longer considered “unemployed” and 143,000 more people were employed. The U6 unemployment rate was unchanged at 13.1% in December.

Employment Surveys (1,000s SA)	Dec-13	Nov-13	Change
Establishment Survey: NonFarm Payrolls	136,877	136,803	74
Household Survey Data (1,000s)			
Employed (A)	144,586	144,443	143
Unemployed (B)	10,351	10,841	-490
Civilian labor force [A+B]	154,937	155,284	-347
Unemployment rate [B/(A+B)]	6.7%	7.0%	-0.30%
U6 Unemployment rate	13.1%	13.1%	0.00%
Civilian noninstitutional population (C)	246,745	246,567	178
Participation rate [(A+B)/C]	62.8%	63.0%	-0.19%
Employment-population ratio [A/C]	58.6%	58.6%	0.02%
Not in labor force	92,338	91,521	817

Source: Bureau of Labor Statistics



Employment remains below 1.1 million below the 2007 peak (top chart), but the low level of inflation leaves the misery index at 8.2%, a low and comfortable level (bottom chart).



Regulation AC Analyst Certification

I, Gail Dudack, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific views contained in this report.

IMPORTANT DISCLOSURES

RATINGS DEFINITIONS:

Sectors/Industries:

“Overweight”: Overweight relative to S&P Index weighting

“Neutral”: Neutral relative to S&P Index weighting

“Underweight”: Underweight relative to S&P Index weighting

Other Disclosures

This report has been written without regard for the specific investment objectives, financial situation or particular needs of any specific recipient, and should not be regarded by recipients as a substitute for the exercise of their own judgment. The report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell securities or related financial instruments. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. The report is based on information obtained from sources believed to be reliable, but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the report. Any opinions expressed in this report are subject to change without notice and Dudack Research Group division of Wellington Shields & Co. LLC. (DRG/Wellington) is under no obligation to update or keep current the information contained herein. Options, derivative products, and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results, and yield from securities, if any, may fluctuate as a security's price or value changes. Accordingly, an investor may receive back less than originally invested. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report.

DRG/Wellington relies on information barriers, such as “Chinese Walls,” to control the flow of information from one or more areas of DRG/Wellington into other areas, units, divisions, groups or affiliates. DRG/Wellington accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report.

The content of this report is aimed solely at institutional investors and investment professionals. To the extent communicated in the U.K., this report is intended for distribution only to (and is directed only at) investment professionals and high net worth companies and other businesses of the type set out in Articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. This report is not directed at any other U.K. persons and should not be acted upon by any other U.K. person. Moreover, the content of this report has not been approved by an authorized person in accordance with the rules of the U.K. Financial Services Authority, approval of which is required (unless an exemption applies) by Section 21 of the Financial Services and Markets Act 2000.

Additional information will be made available upon request.

©2014. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of Dudack Research Group division of Wellington Shields & Co. LLC. The Company specifically prohibits the re-distribution of this report, via the internet or otherwise, and accepts no liability whatsoever for the actions of third parties in this respect.

Dudack Research Group a division of Wellington Shields & Co. LLC.
250 Park Avenue; 7th Floor
New York, NY 10177
212-572-6207

Wellington Shields & Co. LLC
140 Broadway
New York, NY 10005
212-320-3511