

**For The Week Ended February 26<sup>th</sup>, 2010**  
**Weekly Market Commentary & Developments**

**US Economy and Credit Markets:**

**Yields and Weekly Changes:**

<b>3 Mo. T-Bill</b>	0.11 (+02 bps)	<b>GNMA (30 Yr) 6% Coupon:</b> 106-23/32 (2.63%)
<b>6 Mo. T-Bill</b>	0.17 (-01 bps)	<b>Duration:</b> 3.23 years
<b>1 Yr. T-Bill</b>	0.29 (-06 bps)	<b>30-Year Insured Revs:</b> 151.9% of 30 Yr. T-Bond
<b>2 Yr. T-Note</b>	0.81 (-10 bps)	<b>Bond Buyer 40 Yield:</b> 5.30% (-02 bps)
<b>3 Yr. T-Note</b>	1.33 (-16 bps)	<b>Crude Oil Futures:</b> 79.64 (-0.31)
<b>5 Yr. T-Note</b>	2.30 (-15 bps)	<b>Gold Futures:</b> 1117.90 (+1.20)
<b>10 Yr. T-Note</b>	3.61 (-16 bps)	<b>Merrill Lynch High Yield Indices:</b>
<b>30 Yr. T-Bond</b>	4.55 (-16 bps)	<b>BB, 7-10 Yr.</b> 7.71% (-07 bps)
		<b>B, 7-10 Yr.</b> 9.01% (+02 bps)

Treasury prices were higher for the week, driven by mediocre economic news and continued fears regarding Greece, both of which had the market seeking the safety of U.S. government debt. Among the negative news from the economy was weak housing data. New home sales fell by more than 11%, with annual sales rates falling far short of expectations. In addition, existing home sales fell by 7.2%. Both declines were at least in part the result of the first-time buyer tax credit, which had been set to expire in November and caused sales to spike in October and November. Some positive news was seen in January durable goods orders, which increased by 3.0%, far exceeding forecasts. Major economic reports (and related consensus forecasts) for next week include: Monday: January Personal Income (+0.4%) and Personal Spending (+0.4%), February ISM Manufacturing (57.8, Prices Paid 68.1); Tuesday: February Total Vehicle Sales (10,400,000); Wednesday: February ISM Non-Manufacturing Composite (51.0) and Fed's Beige Book released; Thursday: 4Q Final Nonfarm Productivity (+6.20%) and Unit Labor Costs (-4.4%), Initial Jobless Claims (475,000), and January Factory Orders (+1.2%); and Friday: February Employment Report, including Change in Nonfarm Payrolls (-50,000), Unemployment Rate (9.8%), Avg. Hourly Earnings (+0.2%), and Avg. Weekly Hours (33.7), and January Consumer Credit (-\$3.8 billion).

**US Stocks:**

**Weekly Index Performance**

<b>DJIA</b>	10325.26 (-77.09,-0.7%)
<b>S&amp;P 500</b>	1104.49 (-4.68,-0.4%)
<b>S&amp;P MidCap</b>	738.36 (-1.80,-0.2%)
<b>S&amp;P Small Cap</b>	334.70 (-0.87,-0.3%)
<b>NASDAQ Comp</b>	2238.26 (-5.61,-0.3%)
<b>Russell 2000</b>	628.56 (-3.06,-0.5%)

**Market Indicators**

<b>Strong Sectors:</b>	Financials, Consumer Discretionary, Industrials
<b>Weak Sectors:</b>	Materials, Energy, Utilities
<b>NYSE Advance/Decline:</b>	1,664 / 1,514
<b>NYSE New Highs/New Lows:</b>	426 / 11
<b>AAII Bulls/Bears:</b>	34.9% / 29.5%

US stocks pulled back on downbeat economic data and renewed sovereign credit worries, though losses were modest and the market nonetheless delivered a healthy 2.9% gain for February. Trading was volatile, particularly on Thursday when stocks went deep into the red early following a rise in weekly jobless claims and developments in Greece but later recovered a good portion of lost ground. Stocks did not get much traction Friday from an upward revision to Q4 GDP and above-consensus Chicago PMI. Financial stocks stood out for their strong performance. Fed Chairman Bernanke in testimony to the House allayed fears sparked by last week's hike in the discount rate that the key federal funds rate would be heading up anytime soon. Meanwhile the week's home sales data were weak but pricing showed more signs of stability, and news came that bank lending contracted last year by the most since 1942. President Obama's Health Care proposal and summit introduced nothing new to impact Health Care shares. Strong earnings reports continued to roll in from retailers. **Home Depot** and **Lowe's** each reported better than expected results with Home Depot raising guidance and boosting the dividend. **Gap** beat expectations aided by Old Navy. **Kohl's** results were strong as were **Target's**. But **GameStop** shares tumbled as the CFO unexpectedly resigned. **Coca-Cola** announced it would acquire the North American operations of **Coca-Cola Enterprises** for \$12 billion. **Millipore** shares surged on reports **Thermo Fisher Scientific** had made a stealth \$6 billion bid. Looking ahead, with earnings season on the wane the major event this week will be Friday's jobs report. Investors anxious for signs of a self-sustaining economic recovery may be looking for a positive print with this important data point before becoming willing to bid stocks higher from current levels.