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For The Week Ended March 26th, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.13 (+02 bps)	**GNMA (30 Yr) 6% Coupon:** 106-2/32 (2.63%)	
6 Mo. T-Bill	0.23 (+06 bps)	**Duration:** 3.20 years	
1 Yr. T-Bill	0.38 (+09 bps)	**30-Year Insured Revs**: 145.8% of 30 Yr. T-Bond	
2 Yr. T-Note	1.04 (+23 bps)	**Bond Buyer 40 Yield**: 5.28% (-02 bps)	
3 Yr. T-Note	1.61 (+28 bps)	**Crude Oil Futures**: 80.13 (+0.49)	
5 Yr. T-Note	2.59 (+29 bps)	**Gold Futures**: 1107.70 (-10.20)	
10 Yr. T-Note	3.85 (+24 bps)	**Merrill Lynch High Yield Indices:**	
30 Yr. T-Bond	4.74 (+19 bps)	**BB, 7-10 Yr.**	7.35% (-36 bps)
		B, 7-10 Yr.	8.72% (-29 bps)

Treasury prices suffered their biggest one-week losses of the year, with prices falling across the width of the curve. Prices were higher Monday as fears relating to whether the European Union would bail out Greece, sending people to the safety of Treasuries. Weak demand for the $118 billion in debt auctioned for the week — and amount that tied a one-week record — was the driving force behind price declines Tuesday, Wednesday, and Thursday. Wednesday's decline led to the largest one-day increase yield for the benchmark 10-year note since July. Yields reached their highest level since June following Thursday's 7-year note auction. Prices rebounded slightly Friday after a South Korean naval ship was sunk. Major economic reports (and related consensus forecasts) for next week include: Monday: February Personal Income (+0.1%) and Personal Spending (+0.3%); Tuesday: March Consumer Confidence (50.0); Wednesday: March Chicago Purchasing Manager (61.0) and February Factory Orders (+0.5%); Thursday: Initial Jobless Claims (440,000), March ISM Manufacturing Index (57.0, Prices Paid 67.0) and March Total Vehicle Sales (12.00 million); Friday: March Employment Report, including Change in Nonfarm Payrolls (+190,000), Average Hourly Earnings (+0.2%), Average Weekly Hours All Employees (33.9) and Unemployment Rate (9.7%).

US Stocks:

Weekly Index Performance

DJIA	10850.36 (+108.38,+1.0%)
S&P 500	1166.59 (+6.69,+0.6%)
S&P MidCap	787.02 (+1.89,+0.2%)
S&P Small Cap	361.10 (+1.67,+0.5%)
NASDAQ Comp	2395.13 (+20.72,+0.9%)
Russell 2000	678.97 (+5.08,+0.8%)

Market Indicators

Strong Sectors:	Consumer Discretionary, Financials, Technology
Weak Sectors:	Energy, Utilities, Health Care
NYSE Advance/Decline:	1,815 / 1,380
NYSE New Highs/New Lows:	730 / 23
AAII Bulls/Bears:	32.4% / 34.7%

US stocks advanced for a fourth straight week and by week's end looked set to post solid mid-single-digit percentage gains for the first quarter. To open the week stocks rallied in relief as Congress passed, and the President signed into law, health care reform. In investor's minds eliminating the health care overhang outweighed a new investment tax in 2013 on high income individuals and the bill's uncertain long-term impact on government finances. Several large corporations, including **Caterpillar** and **AT&T**, announced significant one-time accounting charges related to the new law. Whereas Health Care shares struggled last week, Financials were among the strongest performers even as the prospects for passage of a financial reform bill improved. **Bank of America** announced an initiative to forgive mortgage principal for certain underwater subprime borrowers, and the Obama administration on Friday followed suit with a similar modification to its HAMP program. The week's economic data showed the housing recovery remains muted but industrial activity continues its upswing. Slumping natural gas prices weighed on Energy shares. **Best Buy** reported a better-than-expected quarter helped by strong demand for consumer technology gear. **Williams-Sonoma** reported a great quarter that showed consumers are spending on home decorating. **Starbucks** introduced a dividend. **Qualcomm** raised earnings guidance on a stronger mix of chips headed for smartphones. **Oracle**'s numbers out post-close Thursday appeared solid but investors were expecting more. Looking ahead, the coming week for stocks is foreshortened by the market's closure for the Good Friday holiday, and so investors will not have a chance to react to Friday's all-important monthly employment report until next Monday. Dividends, buybacks and M&A activity may lend support to stocks in the months ahead even as government support is slowly withdrawn from the markets.