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For The Week Ended March 5, 2010
Weekly Market Commentary & Developments

US Economy and Credit Markets:

Yields and Weekly Changes:

3 Mo. T-Bill	0.14 (+02 bps)	**GNMA (30 Yr) 6% Coupon:** 107-04/32 (2.20%)
6 Mo. T-Bill	0.19 (+01 bps)	**Duration:** 3.18 years
1 Yr. T-Bill	0.33 (+03 bps)	**30-Year Insured Revs**: 148.8% of 30 Yr. T-Bond
2 Yr. T-Note	0.89 (+07 bps)	**Bond Buyer 40 Yield**: 5.28% (-02 bps)
3 Yr. T-Note	1.39 (+06 bps)	**Crude Oil Futures**: 81.73 (+2.07)
5 Yr. T-Note	2.33 (+03 bps)	**Gold Futures**: 1132.20 (+13.30)
10 Yr. T-Note	3.67 (+06 bps)	**Merrill Lynch High Yield Indices:**
30 Yr. T-Bond	4.63 (+07 bps)	**BB, 7-10 Yr.** 7.59% (-10 bps)
		B, 7-10 Yr. 8.89% (-10 bps)

Treasury prices fluctuated modestly most of the week, but ultimately ended lower across the curve as positive employment data lifted investor optimism and reduced demand for U.S. Treasuries. Personal income and consumption was reported on Monday and increased 0.10% and 0.50% respectively vs. consensus expectations of 0.40% for each. Additionally on Monday, the ISM Manufacturing Index was reported at 56.5 vs. the expectation of 57.9 with levels over 50 indicating expansion and below 50 indicating contraction. The final number for 4Q2009 non-farm productivity was reported Thursday to have increased at a 6.9% annual rate which was an upward revision from the original estimate of 6.2%. Treasury prices fell on Friday as the unemployment rate was reported at 9.7% vs. the expectation of 9.8% and the change in non-farm payrolls was better than expectations at -36,000 vs. the estimate of -64,000. Prices on Friday were also pressured in anticipation of next week's auctions of $74 billion in notes and bonds. Major economic reports (and related consensus forecasts) for next week include: Wednesday: January Wholesale Inventories (0.20%), February Monthly Budget Statement (-$210.0 billion); Thursday: January Trade Balance (-$41.0 billion); Friday: February Advance Retail Sales (-0.20%, Ex Autos 0.0%, Ex Autos and Gas 0.30%), University of Michigan March Preliminary Consumer Confidence (73.8), Business Inventories (0.20%).

US Stocks:

Weekly Index Performance

DJIA	10566.20 (+240.94,+2.3%)
S&P 500	1138.70 (+34.21,+3.1%)
S&P MidCap	770.47 (+32.11,+4.3%)
S&P Small Cap	352.88 (+18.18,+5.4%)
NASDAQ Comp	2326.35 (+88.09,+3.9%)
Russell 2000	666.02 (+37.46,+6.0%)

Market Indicators

Strong Sectors: Materials, Consumer Discretionary, Financials
Weak Sectors: Telecomm, Health Care, Staples
NYSE Advance/Decline: 2,742 / 463
NYSE New Highs/New Lows: 743 / 6
AAII Bulls/Bears: 35.9% / 26.2%

US stocks posted strong gains last week amid a flurry of M&A activity and encouraging economic data. The gains pushed the major market averages into positive territory for the year. In merger news, **Millapore** agreed to a $7 billion offer from **Merck KGaA** after **Thermo Fisher** made an unsolicited offer the prior week, **Terra Industries** received a $4.7 billion offer from **CF Industries** and **Astella Pharma** made a hostile $3.5 billion bid for **OSI Pharmaceuticals**. In addition, **AIG** agreed to sell its Asian life insurance business to **Prudential** for $35 billion to repay a portion of its bailout funding. Retail sales continued to impress as February's strong retail sales validated the recent quarterly earnings results from the group. **Abercrombie** was among the companies posting strong comp store sales in February. The February payroll report showed modest losses though stocks rallied as many forecasters were expecting more severe losses. Greece implemented steep spending cuts and raised taxes in a bid to stabilize its financial situation. **Ford** reported a surge in February auto sales. Semiconductor shares gained after an industry group reported January sales were strong and business trends are encouraging. **Qualcomm** shares gained after announcing a stock buyback and raisings its dividend. **Apple** shares jumped to new highs after setting an April 3rd iPad launch date. **Joy Global** reported EPS ahead of forecasts and raised its outlook on improving new order trends. Looking ahead, the coming week is light on scheduled earnings and economic data. Conditions remain favorable for equities as economic data points toward improving conditions and valuations remain attractive.