

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.06 (-04 bps)	GNMA (30 Yr) 6% Coupon:	110-9/32 (2.11%)
6 Mo. T-Bill:	0.12 (-02 bps)	Duration:	3.53 years
1 Yr. T-Bill:	0.22 (unch.)	30-Year Insured Revs:	155.9% of 30 Yr. T-Bond
2 Yr. T-Note:	0.63 (-04 bps)	Bond Buyer 40 Yield:	5.67% (+01 bps)
3 Yr. T-Note:	1.13 (-05 bps)	Crude Oil Futures:	100.72 (-3.70)
5 Yr. T-Note:	2.04 (-13 bps)	Gold Futures:	1417.70 (-10.90)
10 Yr. T-Note:	3.39 (-09 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.54 (-05 bps)	BB, 7-10 Yr.:	6.46% (+04 bps)
		B, 7-10 Yr.:	7.50% (+10 bps)

Treasury prices were generally higher as mid week risk aversion to turmoil in the Middle East largely influenced investors towards the safety of U.S. debt. The rally Wednesday and Thursday more than offset early week losses ahead of \$66 billion in Treasury auctions this week and also lower prices Friday resulting from Japanese investors selling U.S. bonds to repatriate money back to Japan following the earthquake. The trade deficit for January was reported on Thursday at \$46.3 billion which was higher than the estimate of \$41.5 billion. Friday, advance retail sales were reported to have increased 1.0%, matching expectations. Excluding autos, retail sales increased 0.7%, also matching expectations. Major economic reports (and related consensus forecasts) for next week include: Tuesday: March Empire Manufacturing Index (16.1), February Import Price Index (0.9%, 6.4% YoY), FOMC Rate Decision (0.25%); Wednesday: February Housing Starts (570,000, -4.4% MoM), February Building Permits (570,000, 1.2% MoM), February Producer Price Index (0.7%, 4.7% YoY), February Producer Price Index Excluding Food & Energy (0.2%, 1.8% YoY); Thursday: February Consumer Price Index (0.4%, 2.0% YoY), February Consumer Price Index Excluding Food & Energy (0.1%, 1.0% YoY), February Industrial Production (0.6%), February Capacity Utilization (76.5%), February Leading Indicators (1.0%), March Philadelphia Fed Index (29.4).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12044.40 (-125.48,-1.0%)	Strong Sectors:	Utilities, Telecomm Services, Staples
S&P 500:	1304.28 (-16.87,-1.3%)	Weak Sectors:	Energy, Materials, Technology
S&P MidCap:	952.94 (-15.61,-1.6%)	NYSE Advance/Decline:	988 / 2,166
S&P Small Cap:	426.21 (-10.02,-2.3%)	NYSE New Highs/New Lows:	341 / 54
NASDAQ Comp:	2715.61 (-69.06,-2.5%)	AAII Bulls/Bears:	36.0% / 32.3%
Russell 2000:	802.83 (-22.16,-2.7%)		

US stocks lost ground last week as continued unrest in the Middle East and Africa along with sovereign debt downgrades in Europe weighed on stocks. Oil rose to almost \$107/bbl early in the week before settling at \$101.16/bbl. February retail sales were better than forecast while January sales were revised higher. **McDonald's** reported solid global February same-store-sales, though US results trailed estimates. Semiconductor shares were notable underperformers due to supply/demand worries and an analyst downgrade early in the week. **Texas Instruments** fell following its quarterly analyst meeting after the company narrowed its EPS range. **Bank of America** gained after executives made upbeat comments at its first analyst meeting since 2007. **Netflix** shares came under pressure after **Facebook** announced it would offer movie rentals through its site. **Ciena** shares fell despite earnings ahead of forecasts as forward looking guidance disappointed. **Honeywell** shares slipped despite raising its Q1 outlook to the high end of prior guidance and reaffirming its 2011 outlook. **Human Genome Sciences** gained after receiving FDA approval for the first new lupus drug in 50 years. **Boeing** received two separate orders from Chinese airlines. **Finisar** plunged after lowering 4Q estimates due to weak Chinese demand and indications of oversupply at customers. **JDS Uniphase** fell in sympathy. **Starbucks** and **Green Mountain Coffee Roasters** both gained after announcing a deal whereby Starbucks coffee will be made available via single serving K-Cups. **Catalyst Health Solutions** surged after agreeing to buy **Walgreen's** PBM business for \$525 million. Looking ahead, geopolitical events and their impact on oil are likely to dominate near term trading as earnings related reports will be sparse. Longer term, data continues to suggest the economy is moving in the right direction though the impact of sustained high oil prices and likely removal of federal stimulus bear watching.