

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.11 (-01 bps)	GNMA (30 Yr) 6% Coupon:	110-6/32 (2.11%)
6 Mo. T-Bill:	0.15 (unch.)	Duration:	3.50 years
1 Yr. T-Bill:	0.22 (-01 bps)	30-Year Insured Revs:	154.2% of 30 Yr. T-Bond
2 Yr. T-Note:	0.68 (-03 bps)	Bond Buyer 40 Yield:	5.66% (+07 bps)
3 Yr. T-Note:	1.18 (-02 bps)	Crude Oil Futures:	104.64 (+6.41)
5 Yr. T-Note:	2.17 (+01 bps)	Gold Futures:	1429.00 (+18.80)
10 Yr. T-Note:	3.48 (+07 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.59 (+10 bps)	BB, 7-10 Yr.:	6.42% (-03 bps)
		B, 7-10 Yr.:	7.40% (-08 bps)

Treasury prices showed mixed results for the week, with prices slightly higher at the shorter end of the curve and lower for longer maturities. The news from the economy for the week was nearly uniformly positive, but concerns about the Libya and the consequent increase in oil prices continued to weigh against the strong performance of the economy. The most covered news of the week was the February employment report. Nonfarm payrolls increased by 192,000 in the month, basically in line with consensus forecasts. When revisions from prior months are included, the gain was 250,000 jobs. In addition, the unemployment rate fell to 8.9% from 9.0%. The ISM Manufacturing and Non-Manufacturing Indices were also strong in February; the Manufacturing Index increased to 61.4, up from January and beating consensus forecasts, and the Non-Manufacturing Index, increased to 59.7, up from 59.4 and beating consensus forecasts of 59.3. Major economic reports (and related consensus forecasts) for next week include: Monday: January Consumer Credit (\$3.400 billion); Wednesday: January Wholesale Inventories (+0.9%); Thursday: Initial Jobless Claims (378,000) and January Trade Balance (-\$41.5 billion); and, Friday: February Advance Retail Sales (+1.0%, Less Autos +0.7%), March Preliminary University of Michigan Confidence (76.5), and January Business Inventories (+0.8%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12169.88 (+39.43,+0.3%)	Strong Sectors:	Health Care, Utilities, Energy
S&P 500:	1321.15 (+1.27,+0.1%)	Weak Sectors:	Financials, Telecom Svcs., Technology
S&P MidCap:	968.55 (+4.34,+0.5%)	NYSE Advance/Decline:	1,963 / 1,188
S&P Small Cap:	436.23 (+2.72,+0.6%)	NYSE New Highs/New Lows:	479 / 43
NASDAQ Comp:	2784.67 (+3.62,+0.1%)	AAII Bulls/Bears:	36.8% / 33.2%
Russell 2000:	824.99 (+3.04,+0.4%)		

US stocks edged higher in a volatile week of trading as investors worried about the potential impact of higher oil prices on the economy while getting more hard data suggesting the recovery is on solid footing. Friday's monthly employment report showed decent job gains in the private sector and a lower unemployment rate, but stocks had already priced in the news given a sharp drop in initial jobless claims the day before and an upbeat ADP payrolls report out Wednesday. Crude oil prices moved convincingly past \$100/bbl to reach 2 ½ year highs despite the Saudis' reassurance they would cover any shortfall from Libya. February sales results from retailers were better than expected. **Nordstrom**, **Saks**, **Macy's**, **Kohl's** and **J.C. Penney** reported strong gains. **Target's** gains were disappointing and **Gap's** sales fell. **Wal-Mart** lifted its dividend 21%. **Staples** reported quarterly results that fell short of estimates. Financials were weak performers amid analyst downgrade action and an ongoing focus on mortgage reform. **Berkshire Hathaway** reported strong revenues and earnings helped by the Burlington Northern Santa Fe railroad unit. **Apple** shares advanced as Steve Jobs introduced iPad 2. Chipmaker **Marvell Technology** missed estimates and guided lower. **Noble Energy** became the first company to receive a deepwater drilling permit in the Gulf of Mexico since last year's spill. **Weatherford** shares tumbled after the company revealed it would restate four years' results due to faulty tax reporting. **Joy Global's** results missed estimates but the company guided 2011 higher citing buoyant demand for commodities. Looking ahead, investors will likely be preoccupied with geopolitics this week given the impact on oil prices and by extension the economy. Meanwhile the calendar this week is relatively light in terms of economic releases and earnings reports. While the near-term direction for stocks could be determined by oil's path, longer-term it may depend on how the economy fares as federal stimulus is removed.

