

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.06 (-01 bps)	GNMA (30 Yr) 6% Coupon:	110-1/32 (2.32%)
6 Mo. T-Bill:	0.14 (-02 bps)	Duration:	3.54 years
1 Yr. T-Bill:	0.22 (-03 bps)	30-Year Insured Revs:	154.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.79 (+06 bps)	Bond Buyer 40 Yield:	5.68% (+02 bps)
3 Yr. T-Note:	1.27 (+04 bps)	Crude Oil Futures:	108.31 (+2.64)
5 Yr. T-Note:	2.23 (+08 bps)	Gold Futures:	1428.00 (-1.60)
10 Yr. T-Note:	3.44 (+01 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.48 (-01 bps)	BB, 7-10 Yr.:	6.46% (+03 bps)
		B, 7-10 Yr.:	7.53% (+03 bps)

Treasury prices were mixed for the week, with higher prices for the shortest and longest maturities and lower prices in between. With yields on shorter-maturity Treasury bills generally rising and the decline in yields on the 30-year bond, the yield curve has flattened in consecutive weeks. The biggest economic news of the week was the March employment report, which showed an increase in payrolls of 216,000 for the month, versus consensus expectations of 190,000. In addition, revisions to the prior two months' reports netted and additional 7,000 jobs, bringing the total gain to 223,000. The unemployment rate fell to 8.8%, down from 8.9% in February. Personal income grew by 0.3% in February, short of consensus expectations of 0.4%. Personal consumption increased by 0.7%, higher than the expected 0.5%. Treasury prices were lower across the yield curve in March, with the deeper losses for shorter maturities on fears that the recovering economy may lead to the Fed increasing interest rates. Major economic reports (and related consensus forecasts) for next week include: Tuesday: March ISM Non-Manufacturing Composite (59.5) and Minutes of FOMC Meeting released; Thursday: Initial Jobless Claims (385,000) and February Consumer Credit (\$4.80 billion); and Friday: February Wholesale Inventories (+1.0%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12376.72(+156.13,+1.3%)	Strong Sectors:	Telecomm, Industrials, Materials
S&P 500:	1332.41 (+18.61,+1.4%)	Weak Sectors:	Technology, Financials, Consumer Discretionary
S&P MidCap:	996.43 (+26.00,+2.7%)	NYSE Advance/Decline:	2,323 / 857
S&P Small Cap:	448.03 (+11.83,+2.7%)	NYSE New Highs/New Lows:	525 / 41
NASDAQ Comp:	2789.60 (+46.54,+1.7%)	AAII Bulls/Bears:	41.8% / 31.1%
Russell 2000:	846.77 (+22.92,+2.8%)		

US stocks pushed higher for the week, along the way closing out another positive quarter and starting off a new one on a winning note. The week's most anticipated event was the Friday monthly payrolls report and it did not disappoint investors. Job gains were ahead of consensus in the private sector and the unemployment rate fell, apparent confirmation the economic recovery is gaining strength. The ISM manufacturing report also out Friday corroborated that idea. March auto sales rose impressively (17%) with **Ford**, **Chrysler** and **Honda** leading the way. Inflation was among a list of worries investors shrugged off last week. Fed officials publicly debated when and how to tighten monetary policy, **Wal-Mart's** CEO warned of "serious" inflation ahead, and commodity prices continued to climb higher. Oil prices hit their highest level since September 2008. Of note at week's end: Small-cap stocks closed at their highest levels since July 2007. For the quarter just ended, the gains by index were: DJIA: 6.4%, S&P 500: 5.4%, Nasdaq: 4.8%, and Russell 2000: 7.6%. It was a busy week for M&A. **Nasdaq OMX Group** joined with **IntercontinentalExchange** to launch a \$11.3 billion bid for **NYSE Euronext**, trumping an earlier offer from **Deutsche Boerse**. **Valeant Pharmaceuticals** bid \$5.7 billion cash for **Cephalon Inc.** **eBay** agreed to buy **GSI Commerce** for \$2.4 billion cash. Warren Buffett's **Berkshire Hathaway** became embroiled in controversy following the departure of a key executive after it was disclosed the executive had a personal interest in **Lubrizol** prior to Berkshire's decision to buy the company. In earnings news, **Family Dollar** beat expectations and guided higher. **PPG Industries** preannounced better than expected Q1 results. Looking ahead, the coming week features little in the way of market-moving data scheduled for release so investors will instead be on alert for any earnings preannouncements. The market's resilience to a number of adverse developments in the first quarter could bode well for future performance as stocks continue to climb the proverbial wall of worry.