

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.06 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-28/32 (1.32%)
6 Mo. T-Bill:	0.13 (-01 bps)	Duration:	3.65 years
1 Yr. T-Bill:	0.16 (-01 bps)	30-Year Insured Revs:	180.1% of 30 Yr. T-Bond
2 Yr. T-Note:	0.33 (-02 bps)	Bond Buyer 40 Yield:	4.64% (-01 bps)
3 Yr. T-Note:	0.50 (-04bps)	Crude Oil Futures:	103.02 (-3.85)
5 Yr. T-Note:	1.04 (-04 bps)	Gold Futures:	1669.3 (+6.90)
10 Yr. T-Note:	2.21 (-02 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.34 (+03 bps)	BB, 7-10 Yr.:	6.08% (+02 bps)
		B, 7-10 Yr.:	7.51% (+01 bps)

Despite finishing slightly higher for the week Treasuries closed out the quarter with their steepest decline since the 4th quarter of 2010. The week was characterized by choppy price movements as several Treasury auctions received varying levels of demand. On Monday Treasuries fell and equities rallied after Federal Reserve chairman Ben Bernanke stated that accommodative policy was still needed to spur economic growth. Tuesday was the first of three consecutive days of auctions with \$35B in two year notes drawing better than anticipated demand, pushing yields down across all maturities. Reversing course the next day, a treasury auction of 5 year notes attracted the lowest demand since August and February durable-goods orders missed expectations (up 2.2% vs. 3% consensus) causing Treasuries to fall while yields jumped. On Thursday Treasuries were higher on relatively light volume when a \$29B auction of seven year drew the strongest demand since August. Friday marked the end of the quarter with longer term treasuries rallying as the Fed announced it was planning to buy roughly \$44B of the securities in April while selling a similar amount of shorter term notes as part of its ongoing "Operation Twist". In addition, February US Personal Spending and March Consumer Confidence topped expectations, printing at .8% and 76.2 vs. estimates of .6% and 74.5, respectively. Major economic reports (and related consensus forecasts) for next week include: Monday: March ISM Manufacturing (.7%), Tuesday: March Total and Domestic Vehicle Sales (14.5M and 11.3M, respectively), Friday: March Change in Nonfarm and Private Payrolls (205K and 222K, respectively), March Unemployment Rate (8.3%), February Consumer Credit (\$12B).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	13212.04 (131.31,+1.0%)	Strong Sectors:	Health Care, Utilities, Consumer Staples
S&P 500:	1408.47 (11.36,+0.8%)	Weak Sectors:	Telecom, Energy, Materials
S&P MidCap:	994.3 (3.37,+0.3%)	NYSE Advance/Decline:	1,723/ 1,443
S&P Small Cap:	463.45 (1.54,+0.3%)	NYSE New Highs/New Lows:	320/ 61
NASDAQ Comp:	3091.57(23.65,+0.8%)	AAll Bulls/Bears:	42.5%/ 25.5%
Russell 2000:	830.3 (0.27,0.0%)		

U.S. markets advanced for the week giving the S&P 500 its best start since 1998. The week started off strong after Ben Bernanke commented that accommodative monetary policy is still necessary to stimulate job growth. However, investor enthusiasm was dampened later in the week by mixed economic data, China growth fears, and an S&P report stating Greece may have to restructure its debt again. Markets then rallied Friday on stronger than expected personal spending and confidence numbers. The Healthcare sector was the standout sector after the US Supreme Court hearing on the constitutionality of the healthcare reform act. In stock news, **Lions Gate Entertainment** fell for the week despite "The Hunger Games" selling \$155 million in tickets on opening weekend. **Best Buy** plunged after the company gave cautious guidance and announced the closing of 50 big box locations. Another retailer, **Dollar General**, declined after the company announced a 25 million secondary share offering. **Lennar's** strong earnings results and upbeat guidance confirmed recent housing data that a recovery might be underway. **Apple Inc.** sold off in the latter half of the week after investigators found **Foxconn Technology**, a key supplier for a number of Apple products, had several workplace violations. **Research in Motion** rallied after management announced it is reviewing strategic options after another disappointing quarter. Looking ahead to next week, construction spending, ISM manufacturing and factory orders will be key economic indicators for investors to keep an eye on. Looking longer term, market fundamentals continue to look appealing but will be tested in a few weeks as earnings season gets underway.