

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (+01 bps)	GNMA (30 Yr) 6% Coupon:	113-0/32 (1.28%)
6 Mo. T-Bill:	0.14 (+01 bps)	Duration:	3.65 years
1 Yr. T-Bill:	0.18 (+02 bps)	30-Year Insured Revs:	185.3% of 30 Yr. T-Bond
2 Yr. T-Note:	0.34 (+01 bps)	Bond Buyer 40 Yield:	4.60% (-04 bps)
3 Yr. T-Note:	0.49 (-01 bps)	Crude Oil Futures:	103.10(+0.08)
5 Yr. T-Note:	1.01 (-03 bps)	Gold Futures:	1630.8 (-38.5)
10 Yr. T-Note:	2.18 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.33 (-01 bps)	BB, 7-10 Yr.:	6.10% (+02 bps)
		B, 7-10 Yr.:	7.41% (-10 bps)

Prices were virtually unchanged during the holiday shortened week as losses on Tuesday were recouped throughout the course of Wednesday and Thursday. Yields were nearly flat on Monday as the ISM Manufacturing index rose higher than expected but buying of ten year paper by the Federal Reserve remained strong. Prices were lower on Tuesday as the minutes of the latest FOMC meeting revealed that another major round of quantitative easing remains unlikely. Yields dropped on Wednesday as lighter demand than expected for European debt auctions once again revived concern surrounding the region's debt crisis. Thursday's rise in prices pushed the week's previous gains back to even in another round of widening yields in Europe. Weekly initial jobless claims of 357,000 were also slightly higher than the anticipated 355,000. Major economic reports (and related consensus forecasts) for next week include: Tuesday: February Wholesale Inventories (+0.5%). Wednesday: March Import Price Index (+0.9%, +4.1% YoY), the Fed's Beige Book released and March Monthly Budget Statement (-\$210.0 B). Thursday: February Trade Balance (-\$52.0B), March Producer Price Index (+0.3%, +3.0% YoY), March Producer Price Index Ex Food and Energy (+0.2%, +2.8% YoY) and Initial Jobless Claims (355,000). Friday: March Consumer Price Index (+0.3%, +2.6% YoY), March Consumer Price Index Ex Food and Energy (+0.2%, +2.2% YoY) and U. of Michigan April Consumer Confidence (76.5).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	13,060.14 (-151.90, -1.15%)	Strong Sectors:	Telecom Services, Information Technology
S&P 500:	1,398.08 (-10.39, -0.74%)	Weak Sectors:	Energy, Financials, Materials
S&P MidCap:	984.28 (-10.02, -1.01%)	NYSE Advance/Decline:	1,139 / 1,999
S&P Small Cap:	457.74 (-5.71, -1.23%)	NYSE New Highs/New Lows:	246 / 68
NASDAQ Comp:	3,080.50 (-11.07, -0.36%)	AAll Bulls/Bears:	38.2% / 27.8%
Russell 2000:	818.18 (-12.12, -1.46%)		

Last week the S&P 500 Index got off to a good start with the first trading day of April returning a positive 0.76%. However, the first week of April not only brought the second worst performing day of the year with Thursday's return of -1.02%, but also the worst week of the year with a -0.67% return. Thursday's drop was mainly due to European concerns rising again after the Spanish debt auction came at notably higher yields. Investors' concerns continue as Spanish and Italian sovereign spreads widened further. In US economic news, initial jobless claims decreased the past week to 357K from 359K the prior week with a consensus of 355K. Claims are still coming in lower than in the previous three years with claims peaking at 659K in late March 2009. Initial jobless claims haven't been this low since early 2008. Non-farm payrolls for March came in at 120K, well below the consensus of 205K. This is the smallest increase in payrolls in five months. Also, the February payroll number was revised upward to 240K from 227K. The University of Michigan Survey of Consumer Confidence Sentiment came in at 76.2 for March. The only two positive performing sectors for the week were telecommunication services up 0.09% and information technology up 0.07%. The energy sector performed the worst of all ten sectors returning -1.80%. Other weak performing sectors were financials and materials returning -1.63% and -1.40% respectively. **Avon Products**, a direct seller of beauty products, turned in the best performance in the S&P 500 with a 20.97% return for the week. This increase can be attributed to Monday's offer to purchase **Avon Products** by **Coty Inc.** at a 20% premium over the previous week's closing price. The next best performer was **Bed Bath & Beyond** with a return of 9.24%. **American International Group**, **Apple** and **priceline.com** all returned over 5.00% for the week. Next week will bring more earnings news from companies such as **Alcoa**, **Google**, **JPMorgan Chase** and **Wells Fargo**.