

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (unch)	GNMA (30 Yr) 6% Coupon:	112-17/32 (1.69%)
6 Mo. T-Bill:	0.10 (unch)	Duration:	3.74 years
1 Yr. T-Bill:	0.12 (-01 bps)	30-Year Insured Revs:	141.6% of 30 Yr. T-Bond
2 Yr. T-Note:	0.24 (-01 bps)	Bond Buyer 40 Yield:	4.15 (unch)
3 Yr. T-Note:	0.35 (-03 bps)	Crude Oil Futures:	97.14 (+3.43)
5 Yr. T-Note:	0.77 (-03 bps)	Gold Futures:	1594.80 (-11.30)
10 Yr. T-Note:	1.85 (-08 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.10 (-05 bps)	U.S. High Yield:	6.38% (-01 bps)
		BB:	4.88% (-01 bps)
		B:	6.48% (-01 bps)

Treasuries rose significantly over the week due to concerns over the Cyprus bail-out plan with the European Union and turmoil in the Italian elections. The unprecedented plan of taxing bank deposits in Cyprus gave investors concerns about the European economic recovery and caused a flight to safety. Eurogroup President Jeroen Dijsselbloem made comments that suggested the Cyprus plan may be a model for other European countries in financial distress, though Dijsselbloem later said that the Cyprus plan was specific to that situation in an attempt to retract his earlier comments. However, when Cyprus banks reopened on Thursday there was no run on the banks because of temporary capital controls, which kept Treasuries from rising further. In addition, Italy's attempt to assemble a governing coalition on Wednesday was not supported widely enough to take effect. This caused a Treasury auction in Italy to underperform and Treasuries in safer countries such as the U.S. and Germany to soar. These two events reaffirmed investor beliefs that the Euro-Zone troubles are far from over. A large drop in Consumer Confidence also added to Treasury gains on Tuesday. This week also saw New Homes Sales, Personal Consumption and Initial Jobless Claims all miss analyst expectations, which increased demand for Treasuries. Major economic reports (and related consensus forecasts) for next week include: Monday: March ISM Manufacturing (54.0); Tuesday: February Factory Orders (2.9); Wednesday: March 29 MBA Mortgage Applications; Thursday: March 30 Initial Jobless Claims; Friday: March Change in Nonfarm Payrolls (195,000), March Unemployment Rate (7.7%).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	14578.54 (+0.5%)	Strong Sectors:	Health Care, Utilities, Consumer Staples
S&P 500:	1569.19 (+0.8%)	Weak Sectors:	Financials, Industrials Materials
S&P MidCap:	1153.68 (+1.2%)	NYSE Advance/Decline:	1,883/ 1,254
S&P Small Cap:	531.38 (0.5%)	NYSE New Highs/New Lows:	622/ 51
NASDAQ Comp:	3267.52 (+0.7%)	AAll Bulls/Bears:	38.4%/ 28.7%
Russell 2000:	951.54 (+0.6%)		

The S&P 500 closed at a record high on Friday, eclipsing the previous closing high set in October 2007. Gross Domestic Product growth of 0.4%, versus a previous estimate of 0.1% and the reopening of banks in Cyprus without panic, led the markets higher. Investors were also encouraged by the largest housing price gain since 2006, according to the S&P/Case Schiller Index. Additionally, durable goods orders climbed more than economist estimates due to strong sales of commercial aircrafts and automobiles. Turning to stock specific news, **Sonic Corp.**, gained 8.7% for the week after margins expanded due to stable comps. In retail, **J.C. Penny Co, Inc.** shares continued to slide as another high-profile executive left the company, the third in the last 10 months. **Francesca's Holdings Corp.** shares declined after existing shareholders announced a non-dilutive 7.4 million share sale. Despite a 55% jump in profits and improved same-store sales, shares of **Five Below Inc.** fell after full-year forecast fell short of street expectations. In merger news, **Blackstone Group's** bid of at least \$14.25 a share for **Dell Inc.** is gaining traction over CEO Michael Dell's \$24.4 billion buyout plan. Looking ahead to next week, the Labor Department's March employment report and the ISM manufacturing survey will be key economic data points. However, for investors with a longer time horizon, equity markets continue to look cheap on a valuation basis and stock momentum could continue with US equities finally breaking through all-time highs.