

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.05 (unch.)	GNMA (30 Yr) 6% Coupon:	111-22/32 (1.67%)
6 Mo. T-Bill:	0.08 (+01 bps)	Duration:	3.64 years
1 Yr. T-Bill:	0.12 (+02 bps)	30-Year Insured Revs:	144.62 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.37 (+ 05 bps)	Bond Buyer 40 Yield:	4.80 (-06)
3 Yr. T-Note:	0.77 (+10 bps)	Crude Oil Futures:	102.59 (unch.)
5 Yr. T-Note:	1.64 (+13 bps)	Gold Futures:	1,340.40 (+18.80)
10 Yr. T-Note:	2.79 (+14 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.72 (+14 bps)	U.S. High Yield:	6.16% (+05 bps)
		BB:	4.82% (+05 bps)
		B:	6.15% (+03 bps)

Geopolitical news surrounding the tumultuous situation in Ukraine dominated the headlines this week, though a sense of stabilization ultimately prevailed, driving yields higher. Demand for the safety of government debt was strong on Monday as markets reacted to news over the weekend that Russian troops had moved into the Crimean peninsula as Russia tightened its grip on the region. On the economic front, the February ISM Manufacturing index was reported at 53.2, ahead of 52.3 expectations. Also, measures of January Personal Income and Spending grew .3% and .4%, respectively. On Tuesday, treasuries dropped when Russian President Vladimir Putin said that there was no "immediate need" to invade Eastern Ukraine. Treasuries pared their drop midweek as data from ADP showed that February employment increased by only 139k jobs vs. an expected 155k. The service sector of the economy also expanded at a slower pace than expected, when the Feb. ISM Non-Manf. Composite was reported at 51.6. On Thursday, Treasuries resumed their drop when Jobless Claims for the previous week were better than expected, though January Factory Orders fell -.7%, missing expectations. The Labor Department said on Friday that employers added 175k jobs in February, ahead of expectations sending Treasuries lower to close the week. The January Trade Balance was also reported at \$39.1B and the February unemployment rate grew slightly to 6.7%. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: Jan. Wholesale Inventories (+.4% MoM) ; Wednesday: Feb. Monthly Budget Statement -\$200B; Thursday: Feb. Advance Retail Sales and Sales Ex-Autos (+.2%, +.1%, respectively, MoM); Friday: PPI Ex Food and Energy (+1.4%) and Mar. U. Michigan Consumer Confidence (82.0)

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16,452.72 (0.84%)	Strong Sectors:	Financials, Industrials, Materials
S&P 500:	1,878.04 (1.05%)	Weak Sectors:	Utilities, Health Care, Energy
S&P Midcap:	1,388.95 (1.01%)	NYSE Advance/Decline:	1,864 / 1,344
S&P Smallcap:	681.22 (2.10%)	NYSE New Highs/New Lows:	512 / 35
NASDAQ Comp:	4,336.22 (0.68%)	AAll Bulls/Bears:	40.5% / 26.6%
Russell 2000:	1,203.32 (1.75%)		

Last week the S&P 500 Index closed with a 1.05% return, pushing the index higher into positive territory from the low this year on February 3rd. Monday showed better than expected ISM manufacturing data, but political tension in the Ukraine with concerns of Russian intervention caused weakness in stock prices as the index opened down and stayed in negative territory with a -0.73% loss. Russian President Putin ordered troops near the Ukraine border back to their bases on Tuesday. This eased tension from the previous day when President Putin claimed he had the right to invade the Ukraine. Stock prices went up and this pushed the index to a new high closing up 1.53%, the best one day performance of the 2014. Following the previous day's rally, Wednesday traded flat all day with lower than expected ADP employment data. Stocks opened higher on Thursday and closed up 0.19% for the day with better than expected jobs data. US initial jobless claims were 323K, which was lower than expected. Claims decreased from the previous week's 348K and were lower than the consensus estimate of 336K. With tension still in existence between the Ukraine and Russia, stocks traded within a range and the index closed slightly higher on Friday with a positive 0.06% return. Nine of the ten economic sectors had positive performance for the week. The financials sector was the best performing sector with a 3.06% return. Industrials and materials sectors followed with 1.86% and 1.50% returns, respectively. The utilities sector's -1.14% return was the worst performance of all the sectors and was followed by health care and energy which returned 0.12% and 0.33%, respectively. **Valero Energy Corp.**, an independent petroleum refining company, turned in the best performance in the S&P 500 Index with a 10.44% gain. The next two best performers were **Genworth Financial Inc.** and **Lorillard Inc.** with returns of 9.07% and 8.01% respectively. This week will bring earnings news from **Carnival Corp.**, **Dollar General Corp.** and **Urban Outfitters Inc.**