

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (-01 bps)	GNMA (30 Yr) 6% Coupon:	114-01/30 (1.23%)
6 Mo. T-Bill:	0.07 (+01 bps)	Duration:	3.75 years
1 Yr. T-Bill:	0.19 (-02 bps)	Bond Buyer 40 Yield:	4.26 (unch.)
2 Yr. T-Note:	0.62 (-01 bps)	Crude Oil Futures:	49.76 (-.58)
3 Yr. T-Note:	1.00 (-05 bps)	Gold Futures:	1213.10 (+8.7)
5 Yr. T-Note:	1.50 (-09 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.99 (-11 bps)	U.S. High Yield:	6.35% (-15 bps)
30 Yr. T-Bond:	2.59 (-12 bps)	BB:	4.77% (-11 bps)
		B:	6.80% (-16 bps)

Treasury yields rose for the first time this month as lukewarm economic reports continue to cast doubt on the Federal Reserve's willingness to raise rates in the near term. Wednesday, Germany was able to issue five-year government debt with a negative yield for the first time. Even so, prices are expected to rise further as the ECB starts making asset purchases. There are multiple countries in the Euro-area which are able to issue debt with negative yields, making US Treasuries comparatively attractive. Thursday's report of the Consumer Price Index showed the CPI falling .7% in January. Energy's 9.7% fall was the reason for the declining CPI as "core" CPI rose .2%. Real average hourly earnings rose 1.2% in January and are up 2.4% for the year. Also on Thursday, new orders for durable goods increased 2.8% in January – beating consensus expectations by 1.2%. While auto orders fell civilian aircraft and machinery contributed to the increase in orders. The Real GDP growth rate was reported for Q4 2014 on Friday and was revised to an annual growth rate of 2.2%. The GDP price index rose to a .1% annual rate of change and Nominal GDP growth, real GDP plus inflation, was revised down to a 2.3% annual rate. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: January Personal Income (.4%), Personal Spending (-.1%), Final February Markit US Manufacturing PMI (54.3, unch.) and February ISM Manufacturing (53.1); Wednesday: Prior Week MBA Mortgage Applications and ADP Employment Change (218K, +5K); Thursday: Prior Week Initial Jobless Claims (297K, -16K), January Factory orders (.2%, +3.6%) and February Change in Nonfarm Payrolls (235K); Friday: February Employment rate (5.6%, -.1%) and Trade Balance (\$-41.5B, \$-5.1B).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	18,132.70 (0.02%)	Strong Sectors:	Telecommunication Services, Cons Staples, Cons Disc
S&P 500:	2,104.50 (-0.24%)	Weak Sectors:	Energy, Utilities, Industrials
S&P Midcap:	1,506.53 (-0.64%)	NYSE Advance/Decline:	1,714 / 1,541
S&P Smallcap:	709.98 (0.23%)	NYSE New Highs/New Lows:	419 / 55
NASDAQ Comp:	4,963.53 (0.17%)	AAll Bulls/Bears:	45.4% / 20.3%
Russell 2000:	1,233.37 (0.16%)		

Last week, the S&P 500 Index returned -0.24% after three straight weeks of positive performance. Equities had a great February as the index returned 5.74% for the month. January existing home sales came in lower than expected on Monday and crude oil fell back below \$50 a barrel. The index was mixed as it returned -0.03%. On Tuesday, investors listened to Fed Chair Janet Yellen's comments on being patient for an interest rate increase to the Senate Banking Committee. She also expressed confidence in economic strength and the employment recovery. The index climbed 0.28% as the index hit a new all-time closing high of 2,115.48. The index traded within a 10 point range on Wednesday closing down -0.06%. The Fed Chair reiterated confidence and patience in her second day of testimony and new home sales came in higher than expected for January. Energy led the way down on Thursday as crude oil decreased \$2.82 a barrel from the previous day's close. There was positive economic news in durable goods orders, but negative news from US initial jobless claims which came in at 313K. This was an increase from the previous week's 283K and higher than the consensus estimate of 290K. The S&P 500 index returned -0.13%. Stocks traded down on Friday with only two sectors in positive territory as the index returned -0.29%. Six of the ten economic sectors had negative performance for the week. The telecommunication services sector was the best performing sector with a 0.96% return. The consumer staples and consumer discretionary sectors followed with 0.86% and 0.69% returns, respectively. The energy sector's -1.96% return was the worst performance of all the sectors and was followed by utilities and industrials which returned -1.05% and -0.96%, respectively. **First Solar Inc.**, a designer and manufacturer of electricity-producing solar modules, turned in the best performance in the S&P 500 Index with a 21.88% gain. The stock jumped on the announcement of a joint venture with **SunPower Corp.** to create a new company. The next two best performers were **Monster Beverage Corp.** and **Avago Technologies Ltd.** with returns of 16.38% and 13.89%, respectively. This week will bring earnings news from **Costco Wholesale Corp.**, **The Kroger Co.**, **Mylan Inc.**, **AutoZone Inc.**, **Brown-Forman Corp.**, **Best Buy Co. Inc.** and many others.