US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	2.435 (-0.5 bps)	GNMA (30 Yr) 6% Coupon:	105-07/32 (4.42%)
6 Mo. T-Bill:	2.499 (-1.2 bps)	Duration:	3.96 years
1 Yr. T-Bill:	2.510 (-0.9 bps)	Bond Buyer 40 Yield:	3.98 (-02 bps)
2 Yr. T-Note:	2.438 (-2.3 bps)	Crude Oil Futures:	58.52 (2.45)
3 Yr. T-Note:	2.389 (-4.7 bps)	Gold Spot:	1,302.40 (4.10)
5 Yr. T-Note:	2.395 (-3.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.587 (-4.1 bps)	U.S. High Yield:	6.77 (-19 bps)
30 Yr. T-Bond:	3.011 (-0.1 bps)	BB:	5.19 (-17 bps)
		B:	7.18 (-21 bps)

U.S. government bond prices were up slightly last week, and the 10-year Treasury yield moved below 2.60% from nearly 3.25% in November 2018 as weaker-than-expected economic and inflation data increased expectations that the Fed will forgo raising rates this year. The Consumer Price Index, excluding food and energy, increased 0.1% in February and 2.1% over the last 12 months. The increase in February came in below expectations, which gave the appearance of cooling inflation and helped push U.S. government bond prices higher. New-home sales fell 6.9% in January over the prior month, which was below expectations, while new-home sales in December were revised up from 621,00 annually to 652,000. Soft manufacturing data released on Friday also helped push bond prices higher. According to the Fed, manufacturing fell 0.4% in February after falling 0.5% in January. This week, the Federal Open Market Committee meets on Tuesday and Wednesday and is widely expected to hold interest rates steady. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: January Final Durable Goods Orders (0.4%, 0.4%), January Factory Orders (0.2%, 0.1%); Wednesday: March 20 FOMC Rate Decision – Upper Bound (2.50%, 2.50%), March 15 MBA Mortgage Applications (N/A, 2.3%); Thursday: March 16 Initial Jobless Claims (225k, 229k), February Leading Index (0.1%, -0.1%); Friday: March Preliminary Markit US Manufacturing PMI (53.6, 53.0), February Existing Home Sales (5.10m, 4.94m), January Wholesale Inventories MoM (0.0%, 1.1%).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	25,848.87 (+1.64%)	Strong Sectors:	Info Tech, Health Care, Energy
S&P 500:	2,822.48 (+2.95%)		
S&P Midcap:	1,895.86 (+1.98%)	Weak Sectors:	Industrials, Materials, Utilities
S&P Smallcap:	947.25 (+1.46%)		
NASDAQ Comp:	7,688.53 (+3.81%)	NYSE Advance/Decline:	1,867 / 1,209
Russell 2000:	1,553.54 (+2.13%)	NYSE New Highs/New Lows:	137/ 24
		AAII Bulls/Bears:	32.4% / 31.1%

The S&P 500 posted its best week since November as investors applauded China's renewed pledge to stimulate their economy. In addition, muted inflation for consumer and industrial products led to optimism that the Federal Reserve will remain accommodative. In other economic news, the consumer remains strong as retail sales and new housing starts came in above estimates. Markets were paced by gains in technology for the week as the sector rose by nearly 5%. Shares of **Broadcom Inc.** jumped by 7% on Friday after the chipmaker maintained their current guidance, despite several headwinds faced by the semiconductor market. **Nvidia Corp.'s** shares gained after agreeing to purchase **Mellanox Technologies Ltd.** for around $6.9 billion. The deal should strengthen Nividia's offering within datacenter components. **Adobe Inc.** moved lower following disappointing guidance for next quarter and noise within the current quarter due to an accounting rule change. **Boeing Co.** fell by over 10% for the week after a second crash of its new plane, the 737 Max, led to the grounding of its aircraft in numerous countries around the world, including the U.S. Looking ahead to next week, the Fed's March meeting will be key on investors' minds, especially with few earnings announcements and key economic data points scheduled for next week. Investors expect continued patience from the Fed, especially with economic data points slowing over the last quarter. Looking further ahead, next quarter's earnings season will be pivotal as earnings are currently projected to contract by 3% as weakness in some mega-caps, the chip cycle and energy is likely to weigh on corporate profits.