US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.27 (- 05 bps)	GNMA (30 Yr) 6% Coupon:	112-00/32 (2.30%)
6 Mo. T-Bill:	0.45 (- 02 bps)	Duration:	3.82 years
1 Yr. T-Bill:	0.66 (+06 bps)	Bond Buyer 40 Yield:	4.10 (+04 bps)
2 Yr. T-Note:	0.86 (+09 bps)	Crude Oil Futures:	35.92 (+3.14)
3 Yr. T-Note:	1.03 (+13 bps)	Gold Futures:	1270.70 (+50.3)
5 Yr. T-Note:	1.38 (+16 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.88 (+14 bps)	U.S. High Yield:	8.80 % (-53 bps)
30 Yr. T-Bond:	2.69 (+08 bps)	BB:	5.97 % (-46 bps)
		B:	8.69% (-78 bps)

U.S Treasury yields were higher for the week, increasing the most on a weekly basis since November, as encouraging signs of a robust labor market drove investors to sell U.S. government debt. The Chicago Business Barametor fell short of expectations due to a strong dollar and slow global growth on Monday. The ISM Manufacturing report beat forecasts on Tuesday, with U.S. construction spending reaching the highest level since 2007, sending the benchmark 10-year note to the highest level in nearly a month. Jobless claims unexpectedly rose last week but remained at a level consistent with an improving labor market, with the four-week average falling to the lowest level since November. On Friday, nonfarm payrolls added 242,000, well above the 195,000 expected, sending the yield on the benchmark 10-year note to a one-month high. Despite solid employment gains in February, year over year wage growth took a hit declining 2.2% year over year from 2.5% in January. Both oil and gold prices finished the week on a higher note. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: February NFIB Small Business Optimism (94.2); Wednesday: March 4th MBA Mortgage Applications, February 27th Continuing Claims, January Wholesale Inventories (-0.2% MoM); Thursday: March 5th Initial Jobless Claims (275k), March 6th Bloomberg Consumer Comfort; Friday: February Import Price Index (-0.8% MoM).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	17,006.77 (2.24%)	Strong Sectors:	Energy, Financials, Materials
S&P 500:	1,999.99 (2.71%)		
S&P Midcap:	1,399.20 (4.44%)	Weak Sectors:	Health Care, Utilities, Consumer Staples
S&P Smallcap:	664.31 (4.24%)		
NASDAQ Comp:	4,717.02 (2.82%)	NYSE Advance/Decline:	2,723 / 481
Russell 2000:	1,081.94 (4.34%)	NYSE New Highs/New Lows:	186 / 57
		AAII Bulls/Bears:	32.0% / 29.3%

The S&P 500 index continued to climb last week returning 2.71%, the second best week of 2016 and the third straight positive week. The index began the year in a downward trend returning -10.27% through February 11, but began to claw back lost territory and currently sits at a -1.73% YTD return for 2016. Stocks were up early on Monday, but quickly set a downward trajectory as the S&P 500 Index returned -0.80%. Negative economic news showed lower than expected Chicago PMI data and January US pending home sales. Financials and technology stocks led the charge on Tuesday as the S&P 500 index had its best day of the week with a 2.39% return. Positive economic data showed higher than expected ISM manufacturing and January construction spending. Better than expected ADP employment data helped stocks rise as the index returned 0.43% and energy extended its rally on Wednesday. Stocks continued their grind upward on Thursday as the index returned 36 basis points on mixed economic data. US initial jobless claims of 278K were higher than the consensus estimate of 270K and higher than the previous week's 272K. Friday's release of higher than expected nonfarm payrolls data helped stocks maintain their upward trend. The S&P 500 Index climbed above 2,000 points for a portion of the trading day, but dipped just below to close at 1,999.99 and return 33 basis points. The index had not been above the 2,000 point level since January 6. Crude oil closed the week at $35.92 a barrel, increasing 9.58% from the previous week's close. All ten economic sectors had positive performance for the week. The energy sector was the best performing sector with a 5.82% return. The financials and materials sectors followed with 4.53% and 3.31% returns, respectively. The health care sector's 0.18% return was the worst performance of all the sectors and was followed by consumer staples and utilities which returned 1.86% and 2.03%, respectively. **Chesapeake Energy Corp**, an oil and natural gas producer, turned in the best performance in the S&P 500 Index with an 88.15% gain. The stock climbed last week along with other oil producers as oil continued to rise from its February 11 closing low of $26.21. The next two best performers were **Ensco PLC** and **Transocean Ltd.** with returns of 47.10% and 46.94%, respectively.