US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	-0.003 (-2.3 bps)	GNMA (30 Yr) 6% Coupon:	110-20/32 (2.88%)
6 Mo. T-Bill:	0.020 (-1.3 bps)	Duration:	3.78 years
1 Yr. T-Bill:	0.056 (-0.5 bps)	Bond Buyer 40 Yield:	3.54 (-2 bps)
2 Yr. T-Note:	0.149 (0.2 bps)	Crude Oil Futures:	61.42 (-4.19)
3 Yr. T-Note:	0.329 (-0.7 bps)	Gold Spot:	1,745.23 (18.12)
5 Yr. T-Note:	0.881 (4.1 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.721 (9.6 bps)	U.S. High Yield:	5.05 (9 bp)
30 Yr. T-Bond:	2.433 (5.6 bps)	BB:	4.06 (9 bps)
		B:	5.39 (5 bps)

Treasury yields continued their rise even as the Federal Reserve met and committed to using its tools to keep monetary policy accommadative. In the FOMC statement it noted that inflation continues to be under 2 percent and that it expects to maintain an accommodative policy until inflation is at 2 percent over the longer run and maximum employment is achieved. Going into the meeting market participants were looking for any change in stance particularly as to the forecasted expectations for forward rate changes – but the officials continued to project interest rates remaining near-zero into 2023, at least. For last week's economic data, on Tuesday February Retail Sales were seen falling 3.0% but were up 6.3% versus the prior year. Autos led the decline. Also on last Tuesday the Industrial Production data was released and also registered a decline. It fell by 2.2% for February with the major winter polar event sweeping the country depressing manufacturing and capacity utilization. Last Wednesday, housing starts were registered declining 10.3% in February. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: February Existing Home Sales (6.50M, 6.69M); Tuesday: February New Home Sales (875K, 923K); Wednesday: March 19 MBA Mortgage Applications (N/A, -2.2%), February preliminary Durable Goods Orders (0.8%, 3.4%) and March preliminary Markit US Manufacturing PMI (59.5, 58.6); Thursday: March 20 Initial Jobless Claims (733K, 770K) and 4Q GDP Annualized QoQ (4.1%, 4.1%); Friday: February MoM preliminary Wholesale Inventories (N/A, 1.3%), February Personal Income (-7.1%, 10.0%), February Personal Spending (-0.8%, 2.4% and University of Michigan March final Sentiment (83.6, 83.0).

US Equities

Weekly Index Performance:			Market Indicators:	
DJIA:	32,778.64	(4.17%)	Strong Sectors:	Real Estate, Cons Discretionary, Utilities
S&P 500:	3,943.34	(2.69%)		
S&P Midcap:	2,646.34	(5.35%)	Weak Sectors:	Comm Services, Energy, Health Care
S&P Smallcap:	1,397.66	(7.37%)		
NASDAQ Comp:	13,319.86	(3.12%)	NYSE Advance/Decline:	2,738 / 619
Russell 2000:	2,352.79	(7.36%)	NYSE New Highs/New Lows:	961 / 66
			AAII Bulls/Bears:	49.4% / 23.5%

Last week, the S&P 500 and NASDAQ Composite indexes took different paths to post positive returns. After a rough patch two weeks ago, technology stocks pushed higher by over 3% with heavyweight **Tesla** rebounding by over 16% to lead the NASDAQ Composite higher. They S&P 500 traded higher by about 2.7%, but small cap participation in the Tuesday to Thursday rally propelled the Russell 2000 index 7.4% for the week. Market sentiment was high following the historic passing and signing of the $1.9 trillion-dollar Covid relief bill. President Biden signed the bill on Thursday, a day earlier than expected. A clearer path to fully reopening the economy is in sight as U.S. jobless benefits fell by more than consensus while vaccinations accelerated and more states have eased pandemic restrictions. Vaccine distribution is currently at 2.3 million shots per day with a total of over 100 million doses administered and 66 million people receiving at least one shot. The shot velocity is expected to gain significantly with the rollout of **Johnson & Johnson's** single shot vaccine. Another key to stock market appreciation is a lessened fear of inflation which has investors buying up stocks in the real estate and consumer discretionary sectors. The best performing stock in the S&P 500 came from the worst performing sector as communication services' company **ViacomCBS** rose 10.3% on Friday and over 28% for the week. The company has had recent success with its slate of programming including a highly watched Oprah interview with Price Harry and Megan Meghan Markle and a share of the upcoming NCAA March Madness tournament. Looking ahead to next week, the FOMC will deliver its rate decision on Wednesday along with a Summary of Economic Projections.