US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.372 (-2.6 bps)	Bond Buyer 40 Yield:	4.36 (-1 bps)
6 Mo. T-Bill:	5.287 (-5.6 bps)	Crude Oil Futures:	79.97 (+3.48)
1 Yr. T-Bill:	4.939 (-5.6 bps)	Gold Spot:	2,082.92 (+47.52)
2 Yr. T-Note:	4.531 (-15.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.324 (-12.7 bps)	US High Yield:	7.98 (2 bps)
5 Yr. T-Note:	4.157 (-12.3 bps)	BB:	6.70 (7 bps)
10 Yr. T-Note:	4.180 (-6.8 bps)	B:	8.10 (8 bps)
30 Yr. T-Bond:	4.328 (-4.2 bps)		

Treasury yields were down across the board following a busy week of economic reports. New single-family home sales increased 1.5% in January, falling short of consensus expectations. New home sales have risen for the second month in a row, as the anticipation of Fed rate cuts this year bolstered sales activity over the past couple of months. New orders for durable goods declined -6.1% in January, lagging the consensus expected -5.0%. The largest decline came for orders of commercial aircraft as it led declines across most major categories. On Wednesday, the first revision of 4th quarter GDP showed the economy grew at a robust 3.2%, slightly lower than the prior estimate of 3.3%. “Core” GDP (personal consumption, business fixed investment, and home building) rose at a respectable 2.9% annual rate in Q4. Data released on Thursday showed personal income rose 1.0% while personal consumption rose 0.2% in January. The overall PCE deflator was up 0.3% in January and is up 2.4% in the past year. On Friday, the ISM Manufacturing Index declined to 47.8 in February, falling short of the consensus expected 49.5. The majority of industries reported a contraction or no change for the month, and this now marks the sixteenth consecutive month that overall activity has contracted. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: January Factory Orders (-2.9%, 0.2%), January Final Durable Goods Orders (-6.1%, -6.1%); Wednesday: March 1 MBA Mortgage Applications (n/a, -5.6%), February ADP Employment Change (150k, 107k); Thursday: January Trade Balance (-$63.5b, -$62.2b), March 2 Initial Jobless Claims (217k, 215k); Friday: February Change in Nonfarm Payrolls (200k, 353k), February Unemployment Rate (3.7%, 3.7%).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	39,087.38 (0%)	Strong Sectors:	Info Tech, Real Estate
S&P 500®	5,137.08 (0.99%)		Cons. Discretionary
S&P Midcap 400®	2,910.66 (1.87%)	Weak Sectors:	Utilities, Cons. Staples
S&P Smallcap 600®	1,311.08 (1.27%)		Health Care
NASDAQ Composite®	16,274.94 (1.76%)	NYSE Advance/Decline:	1,732 / 1,182
Russell 2000®	2,076.40 (3%)	NYSE New Highs/New Lows:	524 / 80
		AAII Bulls/Bears:	46.5% / 21.3%

Equities had a good week as the S&P 500 and NASDAQ Composite returned 99 bps and 176 bps, respectively, bringing both to new all-time highs. The Information Technology sector drove the S&P 500 higher last week returning 2.52%, **NetApp Inc.** was the top performer shooting up 20.49% following its earnings release last Thursday. The data-storage company found strength after it beat earnings across the board and raised guidance, management signaled strong demand despite the current macroeconomic backdrop and while generative AI mix is currently small it’s trending in the right direction earlier than originally anticipated. The worst performing sector in the index was the Health Care sector which fell 1.04%, its worst performer was **Insulet Corp.** which fell 8.12%. The insulin device maker fell following its earnings release, it beat estimates across the board, but guidance fell short of analysts’ expectations. Following the stocks drop some analysts were left scratching their head explaining that the guidance was almost entirely consistent with the preliminary guidance given during their prior call and clarification around the impact of wholesale orders may clear up the noise. **Constellation Energy Corp.** was the best performing stock in the S&P 500 overall last week returning 26.87%. The renewable energy company missed earnings on the bottom line but rose following management’s guidance for at least 10% EPS growth through the end of the decade driven by favorable tax credits in the Inflation Reduction Act essentially creating a floor for nuclear rates without capping upside; other renewables like **First Solar** and **Enphase Energy** moved higher. Looking forward this week investors should gain some insight on the financial health of consumers. A plethora of retail stores report earnings this week including **Target**, **Kroger**, **Foot Locker**, **Costco**, **Ross**, and **Nordstrom**. Analysts expect same-store sales may have slipped at firms like **Target** and **Foot Locker** while stores like **Costco** and **Ross** may benefit as consumer search for savings. **Broadcom Inc** and **Marvell Technology** also report earnings this week, both are expected to see an upturn from artificial-intelligence demand. On the economic front this week traders will look forward to employment data to better gauge where the Fed stands on rates. ADP employment data will be released Wednesday along with JOLTS Job Openings and the week will end with Nonfarm Payrolls and the Unemployment rate. Last Friday numerous Fed officials spoke at the US Monetary Policy Forum in New York. While many speakers signaled that policy appears sufficiently restrictive, they stressed that we are not out of the woods yet and that key economic data releases will likely continue to dictate the Fed’s decision making for the foreseeable future.