US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.299 (0.5 bps)	Bond Buyer 40 Yield:	4.50 (13 bps)
6 Mo. T-Bill:	4.298 (-3.4 bps)	Crude Oil Futures:	67.04 (-2.72)
1 Yr. T-Bill:	4.045 (-3.7 bps)	Gold Spot:	2,909.10 (51.27)
2 Yr. T-Note:	4.000 (1.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.007 (3.8 bps)	U.S. High Yield:	7.51 (12 bps)
5 Yr. T-Note:	4.086 (6.7 bps)	BB:	6.36 (6 bps)
10 Yr. T-Note:	4.301 (9.3 bps)	B:	7.62 (12 bps)
30 Yr. T-Bond:	4.598 (10.8 bps)		

Treasury yields finished higher last week but fluctuated throughout due to uncertainty over potential tariffs from the Trump Administration and a batch of economic reports. U.S. manufacturing activity saw slight expansion for the second consecutive month on Monday, but the underlying data painted a bleak picture. Nearly all key activity indicators declined in February, hovering at or near contraction levels. The sharpest drop came from the new orders index, which fell from 55.1 to 48.6. Production slowed to 50.7, while the employment index dropped to 47.6, marking its tenth month below 50 in the past year. While manufacturing was already sluggish, this month's decline appears to be largely driven by policy decisions from Washington. Treasury yields rose on Wednesday after the U.S. government granted automakers a one-month extension on tariffs for Mexico and Canada, boosting optimism for further rollbacks. Imports surged to a record high of $131.4 billion in January, beating the consensus estimate of $128.8 billion, as businesses rushed to stay ahead of potential tariffs from the Trump Administration. The increase was driven by industrial supplies, particularly a rise in finished metal shapes, which are crucial for manufacturing cars, appliances, and other equipment. Nonfarm payrolls increased by 151,000 in February, narrowly lagging the consensus expectation of 160,000. However, the report contained several warning signs that it could weaken. Household employment fell by 588,000 in February and despite a 385,000 drop in the labor force, unemployment ticked up to 4.1% from 4.0% in January. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: March 7th MBA Mortgage Applications (N/A, 20.4%), February CPI MoM (0.3%, 0.5%), February CPI YoY (2.9%, 3.0%); Thursday: February PPI Final Demand MoM (0.3%, 0.4%), March 8th Initial Jobless Claims (227k, 221k); Friday: March Preliminary University of Michigan Sentiment (63.5, 64.7).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	42,801.72 (-2.33%)	Strong Sectors:	Health Care, Materials, Consumer Staples
S&P 500®	5,770.20 (-3.06%)		
S&P MidCap 400®	2,987.09 (-3.44%)	Weak Sectors:	Financials, Cons Discretionary, Energy
S&P SmallCap 600®	1,315.05 (-3.52%)		
Nasdaq Composite®	18,196.22 (-3.43%)	NYSE Advance/Decline:	891 / 1,958
Russell 2000®	2,075.48 (-4.01%)	NYSE New Highs/New Lows:	158 / 359
		AAII Bulls/Bears:	19.3% / 57.1%

Volatility gripped the markets last week as the S&P 500 traded lower by over 3%. The downward move was the second-largest weekly drawdown over the past year. On Friday, with the S&P 500 down over 1%, Federal Reserve Chairman Jerome Powell said, "Despite elevated levels of uncertainty, the US economy continues to be in a good place." Following his comments, stocks traded higher to end the day up about 0.50%. He also acknowledged increased uncertainty with regard to tariff policy, immigration, and consumer spending, but does not see the need to adjust policy at this time. Health care, led by **Moderna Inc.**, was the only sector to post a positive return for the week. According to the Securities and Exchange Commission, insiders, including the CEO and CFO, purchased shares on the open market. This positive signal caused the stock to jump over 16% on Monday and close out the week higher by 15%. A slowing consumer is on the minds of investors, as both Consumer Discretionary and Financials sectors were the worst-performing groups in the S&P 500. Within Financials, concerns over the US economy's trajectory led to the big banks trading lower last week. Despite the downward momentum, analysts still project higher stock prices for banks by the end of the year. Looking ahead to next week, the New York branch of the Federal Reserve will release one-year inflation expectations, followed by CPI, PPI, jobs, and sentiment data later in the week.