US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.294 (-0.5 bps)	Bond Buyer 40 Yield:	4.37 (-5 bps)
6 Mo. T-Bill:	4.272 (-5.3 bps)	Crude Oil Futures:	69.76 (-0.64)
1 Yr. T-Bill:	4.082 (-6.7 bps)	Gold Spot:	2,857.83 (-78.22)
2 Yr. T-Note:	3.989 (-20.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.969 (-23.8 bps)	US High Yield:	7.39 (-2 bps)
5 Yr. T-Note:	4.019 (-25.3 bps)	BB:	6.30 (-4 bps)
10 Yr. T-Note:	4.208 (-22.3 bps)	B:	7.50 (2 bps)
30 Yr. T-Bond:	4.489 (-19.0 bps)		

Treasury yields were down across the board as investors continued their flight-to-safety as they considered President Donald Trump's tariff proposals and their impact on the economy. Yields extended their recent decline after President Trump pledged to enact 25% tariffs on all goods imported from the European Union. This is in addition to the previously announced 25% tariffs on Mexican and Canadian imports which are set to take effect next Tuesday, along with an additional 10% tariff on Chinese imports. Concerns are mounting that these tariffs will not only reignite inflation, but also result in a slowdown in global growth. In other economic news, new single family home sales declined 10.5% in January to a 0.657 million annual rate, lagging the consensus expected 0.680 million. New orders for durable goods rose 3.1% in January, beating the consensus expected 2.0% gain. Details of the report were not as strong as the headline suggests, as core shipments – a key input for business investment in the calculation of GDP – declined 0.3%. Real GDP growth in Q4 was unrevised at a 2.3% annual rate, matching consensus expectations. "Core" GDP was revised lower to a 3.0% annual rate from a prior estimate of 3.2% in Q4. Personal income jumped 0.9% in January, easily beating the consensus expected 0.4% gain, and is now up 4.6% in the past year. Personal consumption declined 0.2%, falling short of the consensus expected 0.2% gain, and has increased 5.6% in the past year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: February Final S&P Global US Manufacturing PMI (51.6, 51.6), February ISM Manufacturing (50.8, 50.9); Wednesday: February 28 MBA Mortgage Applications (n/a, -1.2%), February ADP Employment Change (146k, 183k), January Factory Orders (1.6%, -0.9%), January Final Durable Goods Orders (3.1%, 3.1%), February ISM Services Index (52.7, 52.8); Thursday: January Trade Balance (-$128.7b, -$98.4b), March 1 Initial Jobless Claims (235k, 242k), January Final Wholesale Inventories MoM (0.7%, 0.7%); Friday: February Change in Nonfarm Payrolls (160k, 143k), February Unemployment Rate (4.0%, 4.0%).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	44,544.66 (1.01%)	Strong Sectors:	Financials, Real Estate, Health Care
S&P 500:	5,954.50 (-0.95%)		
S&P Midcap:	3,095.15 (-0.19%)	Weak Sectors:	Cons. Disc., Comm. Services, Info. Tech.
S&P Smallcap:	1,363.73 (-1.04%)		
NASDAQ Comp:	18,847.28 (-3.45%)	NYSE Advance/Decline:	1,471 / 1,376
Russell 2000:	2,163.07 (-1.44%)	NYSE New Highs/New Lows:	119 / 232
		AAII Bulls/Bears:	19.4% / 60.6%

Over the past week, equity markets experienced significant turbulence, with the Nasdaq facing one of its worst weeks of performance since September as tech stocks struggled to maintain momentum. Investor sentiment shifted amid concerns over a cooling U.S. economy and skepticism about the sustainability of the AI-driven rally that had previously propelled markets to record highs. However, other major indices like the Dow Jones Industrial Average showed resilience, buoyed by gains in sectors less exposed to tech volatility. **Berkshire Hathaway** reported a solid quarterly performance, with operating earnings rising to $10.1 billion, bolstered by strength in its insurance and energy segments, offering a counterpoint to tech sector woes. Mr. Buffet also announced net sales of equities for the 9th consecutive quarter contributing to a pile of cash and short-term investments amounting to $334.2b. **NVIDIA Corp.**, a key player in the AI sector, reported fourth-quarter earnings that surpassed street expectations, posting $39.3 billion in revenue against a forecast of $38.25 billion, driven by robust demand for its data center chips. However, despite the earnings beat, NVDA's stock dropped 8.4% and fell below its 200-day moving average, as investors reacted to signs of slowing growth and broader market headwinds. NVDA news led the S&P 500 to close lower last week, reflecting the ripple effects of NVDA's post-earnings slide and a lack of renewed enthusiasm for AI-related stocks. Overall, the week underscored a growing caution among investors, balancing corporate earnings strength against macroeconomic uncertainties. Looking ahead, market watchers anticipate that upcoming economic data, including jobs reports, could further influence whether the equity valuation correction deepens or stabilizes.