

The Economy

Nonfarm payrolls totaled 295,000 in February, up from 257,000, according to data from the Bureau of Labor Statistics. The jobs number also came in well above the 235,000 consensus estimate published by Bloomberg. Data compiled by the Rockefeller Institute shows that total state tax collections grew by 4.4% (y-o-y) in Q3'14, according to its own release. Overall, state tax collections for fiscal year 2014 were 2.0% higher than in fiscal year 2013. Tax collections were higher, on a year-over-year basis, in 18 of the past 19 quarters. The first quarter of 2010 marked the first post-recession quarter in which collections rose. The average quarterly gain in tax collections over the past 19 quarters was 5.2%.

Consumer Confidence 96.4 (Feb) 102.9 (Jan)	Crude Oil (Mo.-End) \$49.76 (Feb) \$48.24 (Jan)	Personal Spending -0.2% (Jan) Dec was -0.3%	ISM Manufacturing 52.9 (Feb) 53.5 (Jan)	ISM Non-Manufacturing 56.9 (Feb) 56.7 (Jan)
Gold (Mo.-End) \$1,213.10 (Feb) \$1,278.50 (Jan)	Natural Gas (Mo.-End) \$2.73 (Feb) \$2.69 (Jan)	Factory Orders -0.2% (Jan) Dec was -3.4%	New Home Sales 481,000 (Jan) 481,000 (Dec)	Existing Home Sales 4.82M (Jan) 5.04M (Dec)

The Stock Market

Indices (Source: Bloomberg)

	Feb	12-mo.
S&P 500	5.8%	15.5%
DJIA	6.0%	13.7%
NASDAQ 100	7.2%	21.6%
S&P 400	5.1%	11.1%
Russell 2000	5.9%	5.6%
Russell 3000	5.8%	14.1%
MSCI World (ex U.S.) (USD)	6.0%	-0.2%
MSCI Emerging Markets (USD)	3.1%	5.0%

Growth/Value (Source: Bloomberg)

	Feb	12-mo.
S&P 500 Growth	6.0%	17.2%
S&P 500 Value	5.5%	13.6%
S&P 400 Growth	4.5%	10.1%
S&P 400 Value	5.9%	12.1%
Russell 2000 Growth	7.2%	7.4%
Russell 2000 Value	4.6%	4.0%

One hundred and thirteen out of the 131 subsectors (86%) that comprise the S&P 500 posted a gain in February, up from 35 (27%) last month, according to S&P Dow Jones Indices. Consumer Discretionary was the best performing sector, up 8.61%. In February, the dividend-payers (421) in the S&P 500 (equal weight) posted a total return of 5.34%, vs. 8.16% for the non-payers (81), according to S&P Dow Jones Indices. There are currently 502 stocks in the index. Y-T-D, the payers were up 2.34%, vs. a gain of 5.90% for the non-payers. For the 12-month period ended Feb., payers were up 16.21%, vs. a gain of 13.21% for the non-payers. The number of dividend increases in Feb. totaled 73, up from 66 a year ago. Y-T-D, there were 106 increases, down from 107 a year ago. Three dividends were cut in Feb., up from two a year ago. Y-T-D, there were four cuts, up from three a year ago. TrimTabs Investment Research reported that S&P 500 companies announced a record \$104.3 billion worth of stock buybacks in Feb., nearly twice the \$55.0 billion repurchased a year ago, according to Bloomberg. The previous monthly record was set in July 2006 (\$99.8 billion). The S&P 500 posted a 23% gain over the 14 months that followed – hitting an all-time high in the process. Companies in the S&P 500 have spent more than \$2.0 trillion on buybacks since 2009.

U.S. Dollar Index (DXY) +0.5% (Feb) +5.6% (Y-T-D) \$ was up 12.8% in '14	CBOE Total Equity Options (# of contracts in millions) Feb: 33.8 (-9.9%) Jan: 37.5 (-0.3%) Record 7/08: 67.2 million	Short Interest (NYSE) Mid-Feb: 15.3B (+0.7%) Mid-Jan: 15.2B (-0.7%) Record 7/08: 18.61 billion shares	VIX Volatility Index (S&P 500) 13.34 (2/27) 20.97 (1/31) Record 11/20/08: 80.86
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The Bond Market

Index (Source: Barclays)

	Feb	12-mo.	Yield
U.S. Treasury: Intermediate	-0.90%	2.25%	1.15%
GNMA 30 Year	-0.10%	4.11%	2.41%
Municipal Bond (22+)	-1.43%	11.14%	2.88%
U.S. Aggregate	-0.94%	5.05%	2.12%
Intermediate Corporate	-0.42%	3.93%	2.35%
U.S. Corporate High Yield	2.41%	2.80%	5.88%
Global Aggregate	-0.81%	-2.79%	1.48%
EM Hard Currency Agg.	1.18%	1.98%	5.04%

The yield on the benchmark 10-Year T-Note stood at 1.99% on 2/27, up 35 basis points from 1/31. It was down 66 basis points from 2/28/14 (2.65%). The spike in interest rates in Feb. caused a pullback in investment grade bond prices, but capital did flow into high yield corporate and emerging market bonds. Strong job growth is an indication that the U.S. economy is strengthening. That could be enticing capital into the more speculative-grade areas of the bond market in an effort to capture more yield, in our opinion. Moody's reported that the global speculative-grade default rate stood at 2.0% in January, according to its own release. The rate was 2.5% a year ago. Moody's is forecasting a default rate of 2.7% for December 2015. The historical average for the default rate on global speculative-grade debt has been 4.7% since 1983.

Key Rates as of February 27		Key Yield Spread		2015 Debt Issuance thru January		
		The spread between the Merrill Lynch U.S. High Yield Constrained Index and the 10-Yr. T-Note was 436 basis points on 2/27/15, up from 516 on 1/31/15. It was 346 on 2/28/14.		(Source: Thomson Reuters)		
				Debt Category	\$ Amount	% change over '14
Fed Funds	0-0.25%			Treasury	\$73.0 Billion	-61.6%
2-Yr. T-Note	0.62%			Corporate	\$110.0 Billion	-13.7%
10-Yr. T-Note	1.99%			Convertible	\$1.2 Billion	+100.0%
30-Yr. Mortgage	3.99%			Asset-Backed	\$20.4 Billion	+38.8%
Bond Buyer 40	4.26%			Municipal	\$28.6 Billion	+47.4%
(Source: Bloomberg)		(Source: Bloomberg)				

Equity funds reported net inflows totaling \$12.3 billion in 1/15, vs. \$24.0 billion of net outflows in 12/14, according to the Investment Company Institute. Bond funds reported net inflows totaling \$10.0 billion, vs. \$19.1 billion of net outflows in 12/14. Money Market fund net outflows totaled \$33.4 billion, vs. \$80.4 billion of net inflows in 12/14. Y-T-D through January, equity funds reported net inflows totaling \$12.3 billion, vs. \$10.0 billion of net inflows for bond funds (municipals had net inflows totaling \$4.6B) and \$33.4 billion of net outflows for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2115.48	02/24/15	676.53	03/09/09	2104.50	-0.52%	2.57%	1.95%
S&P 500 Growth	1170.23	02/26/15	363.99	03/09/09	1165.84	-0.38%	4.21%	1.53%
S&P 500 Value	941.10	12/29/14	307.16	03/09/09	931.28	-1.04%	0.81%	2.41%
S&P 400	1517.72	02/24/15	404.62	03/09/09	1506.53	-0.74%	3.94%	1.50%
S&P 400 Growth	684.62	02/23/15	174.44	11/20/08	680.03	-0.67%	5.06%	1.22%
S&P 400 Value	528.76	02/24/15	144.98	03/09/09	524.20	-0.86%	2.70%	1.82%
S&P 100	930.21	02/24/15	322.13	03/09/09	925.47	-0.51%	2.31%	2.11%
DJIA	18224.57	02/25/15	6547.05	03/09/09	18132.70	-0.50%	2.22%	2.19%
NASDAQ 100	4462.27	02/26/15	1036.51	11/20/08	4440.67	-0.48%	5.07%	1.18%
Russell 2000	1239.11	02/26/15	343.26	03/09/09	1233.37	-0.46%	2.53%	1.36%
Russell 2000 Growth	760.64	02/26/15	190.73	03/09/09	755.86	-0.63%	4.75%	0.69%
Russell 2000 Value	1554.11	07/03/14	469.32	03/09/09	1524.50	-1.91%	0.29%	2.06%
Russell 3000	1261.25	02/24/15	389.61	03/09/09	1255.07	-0.49%	2.84%	1.83%
MSCI World x U.S. (USD)	5496.51	07/03/14	2131.84	03/09/09	5210.23	-5.21%	2.00%	2.92%
MSCI Emerging Markets (USD)	473.36	10/29/07	164.51	10/27/08	416.44	-12.03%	3.71%	2.64%
Ibovespa/Brazil (USD)	44638.24	05/19/08	9495.07	04/15/05	17925.11	-59.84%	-4.81%	4.88%
RTS/Russia (USD)	2487.92	05/19/08	498.20	01/23/09	896.63	-63.96%	13.40%	4.25%
S&P BSE 500/India (USD)	226.04	01/07/08	57.52	03/09/09	184.91	-18.20%	9.11%	1.24%
Shanghai Composite/China (USD)	810.67	10/16/07	122.21	07/11/05	527.97	-34.87%	1.33%	1.99%
KOSPI/South Korea (USD)	2.29	10/31/07	0.63	11/20/08	1.80	-21.09%	3.25%	1.25%
Hang Seng (USD)	4082.25	10/30/07	1420.72	10/27/08	3200.65	-21.60%	5.17%	3.60%
MSCI Euro (USD)	1985.51	10/31/07	682.47	03/09/09	1305.84	-34.23%	6.60%	3.17%
S&P Consumer Discretionary	604.78	02/25/15	125.72	03/09/09	601.70	-0.51%	5.29%	1.41%
S&P Consumer Staples	516.45	01/22/15	199.80	03/09/09	513.82	-0.51%	3.10%	2.59%
S&P Energy	737.09	06/23/14	302.96	05/16/05	577.51	-21.65%	-0.95%	2.86%
S&P Utilities	251.40	01/29/15	113.81	03/09/09	228.67	-9.04%	-4.18%	3.52%
S&P Financials	509.55	02/20/07	81.74	03/06/09	327.52	-35.72%	-1.45%	1.78%
S&P Banks	414.38	02/20/07	49.02	03/05/09	229.21	-44.69%	-2.91%	1.82%
FTSE NAREIT Equity REITs	685.39	01/26/15	163.57	03/06/09	646.26	-5.71%	2.94%	3.51%
S&P Health Care	838.21	02/26/15	252.84	03/05/09	834.36	-0.46%	5.60%	1.39%
S&P Pharmaceuticals	606.11	12/08/14	214.50	03/03/09	602.68	-0.57%	3.80%	2.26%
NYSE Arca Biotechnology	3919.29	02/25/15	484.48	04/04/05	3882.85	-0.93%	12.93%	0.40%
S&P Information Technology	721.28	02/24/15	198.51	11/20/08	717.41	-0.54%	4.01%	1.50%
Philadelphia Semiconductor	716.67	02/26/15	171.32	11/20/08	714.65	-0.28%	4.37%	2.16%
S&P Telecom Services	181.06	05/31/07	88.10	03/09/09	158.95	-12.21%	5.40%	4.79%
S&P Industrials	498.14	02/20/15	132.83	03/09/09	492.89	-1.05%	1.79%	2.04%
S&P Materials	326.60	02/24/15	108.33	03/02/09	322.61	-1.22%	6.00%	2.01%
Philadelphia Gold & Silver	228.95	04/08/11	61.63	11/05/14	76.94	-66.39%	12.10%	1.32%
Reuters/Jefferies CRB	473.52	07/02/08	200.34	03/02/09	224.08	-52.68%	-2.56%	N/A
Merrill Lynch Perpetual Preferred	214.91	02/27/15	51.79	03/09/09	214.91	0.00%	2.64%	5.30%
Merrill Lynch High Yield Constrained	358.03	09/01/14	130.37	12/12/08	357.25	-0.22%	3.03%	6.35%