



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks were mixed last week with very little volatility as the 4th quarter earnings season wound down. Fed chairman Yellen’s testimony to Congress noted the improvement in labor markets but offered no new policy indications. The economic calendar is light for the week, highlighted by the jobs report on Friday.

- **Economic Update:** The S&P Case/Shiller home price index rose 4.5% and new home sales increased to 481K, as housing data begins to firm. Jobless claims ticked back up 313K on the week and the core CPI remained steady at 1.6%. The first revision of 4th quarter GDP came in at 2.2%, lower than the initial estimate of 2.6%.
- **Europe Equities Back in Favor:** In February, investors raised their exposure to Eurozone equities to the highest level since May 2007. Half of managers in the Bank America Merrill Lynch fund manager survey cited the region as the top pick for equities in the coming 12 months, up from just 18% in January.
- **Banks Sitting on Cash:** Bloomberg News notes that commercial banks are sitting on \$2.83 trillion in cash as of February. Banks have increased their stakes in Treasuries and agency debt in each of the past 16 months, to the highest level since 1973.
- **NASDAQ Hits 5000-Now What?:** The major broad market indexes for U.S. stocks continue to knock down records, with the NASDAQ Composite returning to the 5000 level on Monday. The S&P 500 index reached a record 2,000 in September, and the Dow Jones reached a record 18,000 in December. *The S&P 500 and Dow Jones fell 7% and 5% in the month after hitting highs.*
- **China Cuts Interest Rates:** China cut its benchmark interest rates by 25bp over the weekend to combat slowing growth, falling consumer prices, and weakness in the real estate markets.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.65	1.14	1.14
Barclays High Yield	0.79	3.09	3.09
Barclays Glb Agg Bond	0.12	-0.97	-0.97
JPM Emerging Mkts Bond	0.81	1.59	1.59
S&P 500 Index	-0.24	2.57	2.57
Russell 3000	-0.25	2.85	2.85
Russell 2000	0.16	2.53	2.53
NASDAQ Composite	0.17	5.02	5.02
S&P Global BMI	0.33	3.96	3.96
MSCI EAFE Index	1.09	6.50	6.50
MSCI EAFE Small Cap	1.09	6.66	6.66
MSCI Emerging Markets	0.61	3.71	3.71

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