



THE WEEK IN REVIEW

On Wednesday, the Federal Reserve released its latest monetary policy statement and removed the word 'patient' from the statement, as expected. However, instead of signaling readiness to begin raising short-term interest rates, the Fed strongly conveyed the message that there is no urgency on their part to begin raising rates soon. The Fed also projected a slower pace for raising rates when they eventually get around to increasing the federal funds rate. The equity markets rallied on this news as investors now feel that the Fed will wait until later in the year to begin raising rates. The current global economic situation is providing the Fed additional time to delay the inevitable rate increase as strong job growth here in the U.S. is being offset by weak inflation, slow wage growth, and sluggish global economic growth.

Industrial Production for February was reported at +0.1%, less than the +0.2% forecast. Despite the slight gain, the report showed that manufacturing production fell 0.2% in the month, the third straight monthly decline for manufacturing. The manufacturing weakness was offset by strength in utilities driven by the severe cold spell in the eastern U.S. in February. The drag from foreign trade caused by the strong dollar has continued to be a headwind for manufacturing.

The National Association of Home Builders (NAHB) Housing Market Index declined unexpectedly in March, according to industry data released earlier this week. The NAHB announced that its Housing Market Index decreased to a seven-month low of 53 units this month from 55 in February. Also, seasonally adjusted single-family housing starts plunged 15% in February to an annual rate of 593,000 units, below the revised rate of 697,000 in January. Single-family housing starts remain well below the normal annual rate of 1.1 million to 1.2 million units.

Equity market volatility continued this week with the Dow Jones Industrial Average zigzagging by more than 100 points in opposite directions each day. However, the DJIA and S&P 500 both finished the week in the black, ending their streak of three consecutive weekly losses.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	18,127.65	2.13%	1.71%	11.00%
NASDAQ	5,026.42	3.17%	6.13%	16.37%
S&P 500 LargeCap	2,108.06	2.66%	2.39%	12.61%
S&P 400 MidCap	1,539.55	3.24%	6.00%	11.41%
S&P 600 SmallCap	727.24	2.83%	3.45%	5.73%
MSCI EAFE	1,851.01	1.94%	4.29%	-0.70%
MSCI Emerging Markets	964.97	2.70%	0.91%	2.58%

Barclays Aggregate US	0.58%	1.27%	5.77%
Bloomberg Non-US Govt Bond	0.94%	0.44%	8.57%
Bloomberg US Treasury Index	0.89%	1.47%	6.26%
Bloomberg High Yield Index	-0.20%	1.89%	1.00%

FTSE/NAREIT All REIT Index	5.10%	6.07%	21.97%
Bloomberg Commodity Index	2.02%	-4.58%	-25.30%

KEY BOND RATES	WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill	0.00%	0.02%	0.06%
2-Year Treasury	0.58%	0.63%	0.42%
5-Year Treasury	1.41%	1.59%	1.70%
10-Year Treasury	1.92%	2.11%	2.77%
30-Year Treasury	2.50%	2.71%	3.66%
Municipal Bond Yields (10 Yr)	2.06%	2.14%	2.51%

Price return as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

UPCOMING WEEK

Next week's economic calendar is filled with market-moving indicators including the consumer price index (CPI), durable goods and fourth quarter GDP. February CPI is scheduled to be released on Tuesday by the Bureau of Labor Statistics. On Wednesday, durable goods for February are expected to be released. On Friday, final fourth quarter GDP is to be announced. Preliminary fourth quarter GDP growth was revised down last month, but the good news was that the softer growth was mainly due to a lower estimate for inventory investment.

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