



THE WEEK IN REVIEW

Retail sales rose in March for the first time since November as consumers stepped up purchases of automobiles and other goods, suggesting that the slowdown in American economic growth during Q1 was temporary. On Tuesday the Commerce Department released its monthly report showing retail sales increased by 0.9% in March, the largest gain since the same month last year and snapping a three-month streak of declines that had been attributed to harsh winter weather. With savings at their highest level in just over two years, in part due to a tightening labor market and cheaper gasoline, there is the potential for consumers to bolster spending in the months ahead and cushion the economy against a strong dollar.

U.S. industrial output fell last month and posted the first quarterly drop since the recession ended, signaling that a tightening domestic oil industry and stronger dollar could be limiting production. Wednesday's industrial production release showed a 0.6% drop in March. For the first quarter of 2015, production declined at an annual rate of 1.0%, marking the first quarterly drop since Q2 2009.

Domestic consumer prices increased for the second consecutive month in March after falling through much of the winter, a potentially comforting sign for the Federal Reserve as it weighs whether the economy is strong enough to begin raising interest rates. The Consumer Price Index (CPI) rose a seasonally adjusted 0.2% in March from a month earlier, according to the Labor Department on Friday. With energy prices stabilizing, analysts expect the drag from lower oil prices to continue easing in the upcoming months, pushing headline inflation higher. It was also reported on Friday that consumer confidence has improved this month to the second highest level in more than eight years. The University of Michigan's consumer sentiment index climbed to 95.9 this month from 93 in March.

Stocks were hit across Europe and in the U.S. on Friday, with Greece fears factoring into the slump. After last week's encouraging numbers, domestic equities came back to Earth this week, with the Dow Jones, NASDAQ & S&P 500 all negative as markets remained volatile, albeit positive, so far in 2015. International equities finished positive for the week. Year to date, emerging markets are now ahead 10.0%, while the MSCI EAFE Index is up 7.7% year to date.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,826.30	-1.28%	0.02%	8.64%
NASDAQ	4,931.82	-1.28%	4.13%	20.42%
S&P 500 LargeCap	2,081.16	-0.99%	1.08%	11.60%
S&P 400 MidCap	1,515.80	-1.25%	4.36%	12.16%
S&P 600 SmallCap	714.57	-1.14%	4.46%	10.39%
MSCI EAFE	1,912.32	0.58%	7.74%	-0.09%
MSCI Emerging Markets	1,052.25	1.71%	10.03%	4.26%
Barclays Aggregate US		0.34%	2.00%	5.41%
Bloomberg Non-US Govt Bond		-0.10%	2.12%	8.17%
Bloomberg US Treasury Index		0.34%	2.00%	5.85%
Bloomberg High Yield Index		0.37%	4.16%	2.35%
FTSE/NAREIT All REIT Index		-0.82%	0.68%	12.86%
Bloomberg Commodity Index		2.36%	-2.41%	-26.05%
KEY BOND RATES		WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill		0.01%	0.05%	0.03%
2-Year Treasury		0.51%	0.67%	0.40%
5-Year Treasury		1.30%	1.55%	1.74%
10-Year Treasury		1.86%	2.05%	2.72%
30-Year Treasury		2.52%	2.60%	3.52%
Municipal Bond Yields (10 Yr)		2.02%	2.16%	2.35%

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

UPCOMING WEEK

The latter part of next week will have some important economic data releases including the House Price Index, Existing Home Sales, New Home Sales, Jobless Claims, PMI Manufacturing Index Flash, the Fed Balance Sheet and Durable Goods Orders. Analysts were surprised by reports this week that jobless claims are expected to rise, as a seasonal adjustment increased jobless claims by about 14,000 over forecasts. Early expectations are for existing home sales to show large monthly increases over a slower February pace.

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