



THE WEEK IN REVIEW

U.S. stocks recorded their first weekly loss in the past six weeks as lower oil prices and a rising dollar weighed on the recent rally. The price of oil fell over 3% on Wednesday after the Energy Information Administration said crude oil stockpiles reached a new record level. Crude stockpiles increased by 9.4 million barrels last week, three times the 3.1 million barrels analysts polled by Reuters were expecting. The strength of the dollar gained momentum following hawkish comments from the president of the St. Louis Federal Reserve Bank, James Bullard. Bullard said the next interest rate increase "may not be far off," and suggested a rate hike in April remains a possibility.

Existing home sales for February declined again, coming in at a disappointing 5.08 million, well below consensus expectations of 5.305 million on an annualized basis. This represents a 7.1% decline from January, but still up 2.2% from 2015. The declining pace is the lowest since November. The National Association of Realtors has warned for some time that low supply in the market would push prices higher and cause affordability issues. The report is weak across all sub-sectors and regions, with single-family homes down 7.2%, condo sales down 6.6%, and all regions showing declines. Home supply is down 1.1% from February 2015, though it did move up 3.3% relative to January.

New home sales were roughly in line with expectations, coming in at an annualized rate of 512,000. Expectations had ranged from 510,000-515,000. January was revised up from 494,000 to 502,000. Although February's number represents a 2.0% increase over January, it is 6.1% lower than last year. This index was once again supported by the key Western region, up 39% after a 33% decline in January. The West was up 10.2% year over year, while the Midwest region also increased 1.9%. The Northeast is down 3.8% from this time in 2015, and the South is down 14.3%. New home sales have had similar supply issues to existing home sales, as permit and labor supply have dwindled. Although supply grew higher in February, the supply to sales ratio remained unchanged at 5.6.

U.S. durable goods orders fell 2.8% in February and were revised lower for January to show 4.2% growth, versus the originally reported 4.8% growth. Excluding the volatile transportation sector, orders were down 1.0%, the largest decline in a year. Orders have been weak over the last year as lower commodity prices have decreased demand for drilling and mining equipment, and the strong dollar has made U.S. produced goods more expensive for foreign buyers.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,515.73	-0.49%	0.52%	-1.14%
NASDAQ	4,773.50	-0.46%	-4.67%	-2.11%
S&P 500 LargeCap	2,035.94	-0.67%	-0.39%	-1.22%
S&P 400 MidCap	1,413.86	-1.12%	1.09%	-5.86%
S&P 600 SmallCap	666.28	-1.84%	-0.81%	-6.50%
MSCI EAFE	1,619.41	-2.47%	-5.64%	-14.81%
MSCI Emerging Markets	821.71	-0.61%	3.47%	-16.00%
Barclays Aggregate US		0.10%	2.53%	1.34%
Bloomberg Non-US Govt Bond		-0.06%	4.68%	0.63%
Bloomberg US Treasury Index		0.04%	2.63%	1.70%
Bloomberg High Yield Index		0.16%	3.94%	-1.84%
FTSE/NAREIT All REIT Index		-1.26%	1.88%	-4.94%
Bloomberg Commodity Index		-1.86%	0.88%	-20.75%
KEY BOND RATES		WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill		0.30%	0.33%	0.02%
2-Year Treasury		0.89%	0.75%	0.58%
5-Year Treasury		1.39%	1.21%	1.37%
10-Year Treasury		1.91%	1.75%	1.88%
30-Year Treasury		2.67%	2.61%	2.46%
Municipal Bond Yields (10 Yr)		1.83%	1.74%	1.98%

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

UPCOMING WEEK

Next week will be a busy one in terms of releases. The Advance Report on International Trade, personal income, consumer spending, pending home sales and core inflation will all be released Monday. Pending home sales are expected to make the biggest jump, from a 2.5% decline in January to a 2% increase in February. On Tuesday, January's Case-Shiller Home Price Index and March's consumer confidence will be released. Friday will have significant employment implications, with nonfarm payrolls, the unemployment rate, and average hourly earnings for March all coming in, as well as the ISM manufacturing index, construction spending, and consumer sentiment. The ISM manufacturing index is expected to come in at 50.4, the first time in expansion territory since November.

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