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## MARKET WEEK: MARCH 10, 2014

### Key Dates/Data Releases

**3/13: Retail sales, business inventories**

**3/14: Wholesale inflation**

### The Markets

Fab five: The S&P 500 marked the fifth anniversary of the stock market's post-2008 low by recording another all-time record close. Once again, the Dow couldn't quite manage to break even for the year, though it came close, while the small caps had the week's strongest gains. The benchmark 10-year Treasury yield rose as investors seemed to place more importance on better-than-expected domestic economic data than on potential fallout from the tension over Ukraine.

Market/Index	2013 Close	Prior Week	As of 3/7	Weekly Change	YTD Change
DJIA	16576.66	16321.71	16452.72	.80%	-.75%
Nasdaq	4176.59	4308.12	4336.22	.65%	3.82%
S&P 500	1848.36	1859.45	1878.04	1.00%	1.61%
Russell 2000	1163.64	1183.03	1203.32	1.72%	3.41%
Global Dow	2484.10	2484.68	2496.05	.46%	.48%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	3.04%	2.66%	2.80%	14 bps	-24 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

### Last Week's Headlines

- The unemployment rate edged upward to 6.7% and away from the 6.5% that would have led to increased speculation about the Federal Reserve possibly accelerating an increase in interest rates. According to the Bureau of Labor Statistics, the increase--the first since December 2012--occurred despite the U.S. economy adding 175,000 jobs in February. The BLS noted that severe weather could have had an impact on its survey results.
- Spending rose faster than personal incomes in January, according to the Bureau of

Economic Analysis. Personal income was 0.3% higher for the month, while consumption was up 0.4%.

- Construction spending was up 1% in January, primarily because of gains in the housing sector, but gains were much lower than December's 2.2% increase. The Commerce Department said residential building was led by a 2.3% gain in construction of single-family homes, while nonresidential construction was down 0.2% and government construction fell 0.8% during the month.
- U.S. manufacturing rebounded a bit in February as the Institute for Supply Management's gauge rose by 1.9% to 53.2%. Meanwhile, the ISM's services survey showed growth slowing by 2.4%, though the 51.6% reading still represented growth.
- The European Central Bank declined to adopt fresh stimulus measures to combat a less-than-desirable 0.8% inflation rate there. The ECB left its key interest rate unchanged at 0.25% and the rate on overnight bank deposits at 0%. Meanwhile, economic recovery accelerated in both the 18-member eurozone and Europe as a whole; European GDP rose 0.3% during Q4 2013 and was up 0.4% in the eurozone.
- China announced a 2014 target growth rate of 7.5%--slightly lower than 2013's 7.7%--and a target inflation rate of 3.5%. Also, China's General Administration of Customs said exports fell 18.1% in February, leading to a nearly \$23 billion trade deficit; the sharp decline in exports was surprising given January's 10.6% increase.
- The frigid weather that socked in much of the nation in February made an accurate assessment of economic data more difficult, according to the Federal Reserve's "beige book" report. However, the report expressed optimism that the economy will show improvement once the weather does.

## Eye on the Week Ahead

In a week that's light on economic data, the Ukraine situation could assume greater importance in market psychology. Investors also may begin anticipating the following week's Federal Reserve monetary policy meeting.

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*The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.*