



Market Week: March 5, 2012

The Markets

The small caps of the Russell 2000 took it on the chin last week, while the other indices more or less held their own. The Dow finally managed to close above 13,000, which it hasn't done since May 2008, but couldn't hang on through the end of the week. Meanwhile, the Nasdaq continued to outpace its domestic peers.

Market/Index	2011 Close	Prior Week	As of 3/2	Week Change	YTD Change*
DJIA	12217.56	12982.95	12977.57	-.04%	6.22%
Nasdaq	2605.15	2963.75	2976.19	.42%	14.24%
S&P 500	1257.60	1365.74	1369.63	.28%	8.91%
Russell 2000	740.92	826.92	802.42	-2.96%	8.30%
Global Dow	1801.60	2000.96	1999.88	-.05%	11.01%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-year Treasuries	1.89%	1.98%	1.99%	1 bps	10 bps

*Equities data reflect price changes, not total return.

Last Week's Headlines

- The U.S. economy grew at an annual rate of 3% in Q4 2011, a more rapid pace than the 2.8% previously estimated. According to the Bureau of Economic Analysis, inventories, consumer spending, and commercial construction were major contributors to the increase.
- European Union leaders (other than those of the United Kingdom and the Czech Republic) signed a treaty intended to impose greater fiscal discipline in the EU. Meanwhile, the German parliament voted to support the second Greek bailout and eurozone finance ministers agreed to release new funds for the permanent European Stability Mechanism that will handle financial assistance efforts. Also, European banks refinanced almost €530 billion worth of loans as part of the European Central Bank's second long-term refinancing operation (LTRO) to maintain liquidity in the financial system.
- Orders for durable goods such as autos, appliances, and furniture fell 4% (3.2% if transportation is excluded) in January after three straight monthly increases. The Department of Commerce said transportation equipment, especially orders for commercial aircraft, fell the most (-19%). However, declines also were seen in computers and heavy machinery, both down more than 10%, while orders for cars were up 0.9%.
- U.S. manufacturing continued to expand in February for the 31st straight month, though at a slightly slower pace. The Institute for Supply Management said new orders, production, and employment also grew.
- Recent increases in housing sales didn't translate into higher prices in December. The S&P/Case-Shiller national index showed home prices at their lowest level since mid-2006; the index was down almost 34% from its Q2 2006 peak.

Eye on the Week Ahead

Global markets will watch to see whether at least 30% of Greece's bondholders formally accept its bond swap offer on Thursday. U.S. unemployment numbers and eurozone GDP data also will be of interest.



Key dates and data releases: factory orders, U.S. services sector (3/5); labor productivity/costs (3/7); unemployment/payrolls, balance of trade (3/9).

Data sources: Includes data provided by Brounes & Associates. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results.

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 2000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indexes listed are unmanaged and are not available for direct investment.

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