The Market Week in Review
For the Week Ending March 12, 2011

THE MARKETS

All four of the major equity market indexes ended the week lower, as disappointing economic data led to a sharp sell off on Friday. The equity markets took the news of the Japanese earthquake in stride, but nervous Japanese investors began selling overseas investments in favor of yen denominated assets, according to WhatsTrading.com options strategist Frederic Ruffy.

Oil ended the week at $100.67 per barrel, down 3.8% for the week as a "Day of Rage" demonstration in Saudi Arabia was more peaceful than some had feared. Gold was down 0.9% for the week, closing Friday at $1,416.70 per ounce.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	12,169.88	12,044.40	-125.48	-1.03%	4.03%
Nasdaq	2,784.67	2,715.61	-69.06	-2.48%	2.36%
S&P 500	1,321.15	1,304.28	-16.87	-1.28%	3.71%
Russell 2000	824.99	802.83	-22.16	-2.69%	2.45%

Twice a year Standard and Poor's releases a report that compares the performance of actively managed mutual funds to passively managed index funds. The Standard & Poor's Indices Versus Active Funds (SPIVA®) 2010 Year End Scorecard indicates that once again, most U.S. funds underperformed their benchmarks in nearly every category.

DAILY DEVELOPMENTS

MONDAY
Interest rates on short-term treasury bills fell in Monday's auction to the lowest levels in nearly nine months as investors looked for safety in light of the growing unrest in Libya and throughout the Middle East. More specifically, the Treasury Department auctioned $32 billion in three-month bills at a discount rate of 0.110 percent, down from 0.145 percent last week. Another $30 billion was auctioned in six-month bills at a discount rate of 0.155, down from 0.170 percent last week.

TUESDAY
Employers' are planning to hire more workers in the coming months than they were planning to this time last year, according to the Manpower Employment Outlook Survey released on Tuesday. However, the anticipated new hiring is still much lower than what would be expected in a strong economy. "Economic indicators are not showing huge

growth, and employers continue to be cautious," said Melanie Holmes, a vice president with Manpower. "Until their orders start going through the roof, they are not going to want to do a whole lot of hiring. They're going to be cautious and that's what we're seeing, cautious optimism."

If a growing number of buyers in the options markets are correct, the world is headed toward $200 a barrel oil this year. The number of open call options for $200 June delivery is the highest since the contracts were first offered in July 2009. Call options grant the holder the right, but not the obligation, to buy a security at an agreed price before a set date. Oil rose to $106.45 a barrel on Monday, the highest intraday price since September 29, 2008.

WEDNESDAY
There were no major economic announcements on Wednesday.

THURSDAY
The Commerce Department reported on Thursday that the overall U.S. trade deficit in January jumped more than 15 percent to hit $46 billion from a revised $40.3 billion gap in December. Analysts had been forecasting a $41.0 billion deficit. Exports gained 2.7 percent, following a 2.0 percent boost the prior month. The gap between what Americans export and what they buy from foreign sources widened in spite of U.S. exports gaining 2.7% as the weak dollar made U.S. made products less expensive for foreigners, and growth speeded up in key markets in Asia and Latin America. The reason is that imports posted a 5.2 percent increase in January. Imports of industrial supplies rose $4.4 billion while oil imports increased a relatively modest 1.7 billion. Capital goods imports excluding autos jumped $2.1 billion while automotive imports increased $2.7 billion.

Also on Thursday, the Treasury Department announced the U.S. government's budget deficit soared by more than $222 billion in February, the biggest one month increase in history. The Treasury predicts that the deficit for the year will reach a record of $1.5 trillion.

The Labor Department reported that the number of people signing up for unemployment compensation in the United States rose by 26,000 last week to hit a total of 397,000. The modest increase follows two weeks of sharp declines. The 4 week average rose only slightly to 392,250. Continuing claims however dropped 20,000 in data for the week ending on February 26th to 3.771 million. Continuing claims have fallen for five of the last six weekly periods.

FRIDAY
U.S. retail sales increased 1 percent in February after a 0.7 percent gain in the previous month, the Commerce Department reported on Friday. The gain matched the median forecast of 82 economists in a Bloomberg News survey. The February sales increase was

led by a 2.3 percent jump in sales of motor vehicles and parts and a 1.4 percent increase in gasoline sales.

Also on Friday, the Reuters/University of Michigan preliminary March Index of Consumer Confidence dropped sharply to 68.2 from 77.5 at the end of February. The median forecast of surveyed economists was for a decrease to 76.3. The surprisingly bad figure may have been triggered by rising gasoline prices. Inflation expectations also rose rather dramatically. The anticipated rate of inflation 1 year from now is up 1.2 percentage points to 4.6 percent. The five year out predicted rate, which usually shows little volatility, rose a sharp three tenths to 3.2 percent. Some commentators have suggested that this report "could be the first alarm that trouble may in fact be down the road".

QUOTE OF THE WEEK

> *"The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance."*
> Cicero - 55 BC

I hope you have found the information in this week's market summary helpful. Thank you to those of you who responded to last week's e-mail survey regarding our Market Commentary.

Best regards,

Andy

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