

WeeklyMarket Update



General Market News

- On Tuesday, February 21, we learned that Greece will receive €130 billion in a bailout that is expected to return anywhere between a 70-percent and a 74-percent loss to debt holders and require Greece to shrink its debt-to-gross domestic product ratio to 120.5 percent by 2020.
- The agreement among the 17 eurozone nations, the International Monetary Fund, the European Central Bank, and Greek debt holders will take pressure off the region in the short run, but more concerns will rise again for the country. Portugal yields were already up considerably Tuesday morning.
- Greece's second bailout in less than a year is the largest in sovereign debt history. It caused Treasuries to sell off initially, as investors sought risk after avoiding what could have been a much worse scenario.
- After a lot of back-and-forth trading and news flow early last week, equity markets staged a rally and posted strong gains across the board. The benchmark S&P 500 Index gained 1.48 percent.
- With this performance, the S&P 500 finally broke through the 1,350 resistance level with some strength, but it will face additional resistance at 1,370—the 52-week high. This level will probably require a greater show of conviction to break through.
- Municipal bonds continued to outperform last week, as funds saw the most inflows in 17 months. The combination of these inflows and limited supply in the market is contributing to the bonds' performance.
- The energy, technology, and financial sectors were some of the best performers last week. The strong relative performance of these pro-cyclical businesses seems to reflect an increase in risk tolerance and overall optimism about the economy.

% Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500 Index	1.48%	3.90%	8.56%	3.73%
Nasdaq Composite	1.71%	5.02%	13.48%	5.35%
Dow Jones Industrial Average	1.31%	2.79%	6.44%	8.00%
MSCI EAFE	0.44%	3.04%	8.53%	-9.55%
MSCI Emerging Markets	0.71%	2.96%	14.59%	-3.13%
Russell 2000	1.92%	4.59%	11.97%	0.72%

Market Index Performance Data (continued)

FIXED INCOME

Index	Month-to-Date (MTD) %	Year-to-Date (YTD) %	12-Month %
U.S. Aggregate	-0.38%	0.49%	9.12%
U.S. Treasury	-0.90%	-0.48%	10.66%
U.S. Mortgage-Backed Securities	0.05%	0.46%	7.34%
Municipal Bond	0.00%	2.31%	13.68%
U.S. Treasury: U.S. TIPS	-0.55%	1.73%	17.33%



What to Look Forward to

The coming week should be fairly quiet. It's worth keeping an eye on **Existing** and **New Home Sales** to see if transaction levels improved in January, as economists are predicting they did. The **FHFA House Price Index** will give an advance preview into December's housing situation, although many analysts prefer to rely on the Case-Shiller index, since it encompasses a wider variety of homes.

The **University of Michigan Consumer Confidence** indicator is anticipated to rise slightly to 72.9. This index fell recently, so market participants may be keeping a closer eye on it to see if it continues to suggest that confidence remains elusive in the current economic environment.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Barclays Capital Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Barclays Capital Mortgage-Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Barclays Capital Municipal Bond Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. The Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS) Index measures the performance of intermediate (1- to 10-year) U.S. TIPS. Rev. 02/12.