

# Market Update

SOUTHEAST CORPORATE

Insightful Thinking.  
Responsive Actions

## Economic Commentary

In our previous commentary, we noted that the nation's economic growth may need to see strength in the manufacturing sector, since it did not appear the consumer sector would provide much stimulus until job growth reappears. In yet another sign of potential weakness from consumers, Americans' outlook on the economy went into relapse in February. Rising job worries sent a key barometer of confidence to its lowest level in ten months, raising concerns about the economic recovery.

The Conference Board said last week its Consumer Confidence indicator fell almost 11 points to 46 in February, down from a revised 56.5 in January. It was the lowest level since the index recorded a 40.8 reading in April 2009. The increasing pessimism, which erased three months of improvement, is a big blow to hopes that consumer spending will fuel an economic recovery. The February reading is a long way from what is considered healthy. A reading above 90 means the economy is on solid footing. Above 100 signals strong growth. The index hit a historic low of 25.3 in February 2009, but then registered a three-month push higher to 54.8 in May, fueled by signs the economy might be stabilizing. Since then, it has been stuck in a narrow range, dropping as low as 47, as rising unemployment took its toll, before climbing again for a three month stretch.

The Board's measure of present conditions, or how consumers feel about their current situation, decreased to 19.4, the lowest level since 1983, from 25.2. The other barometer, which measures sentiment for the next six months and had been rising since October 2009, fell to 63.8 from 77.3. The share of consumers who said jobs are plentiful fell to 3.6 percent from 4.4 percent, while the proportion of people who said jobs are hard to get increased to 47.7 percent from 46.5 percent. Until such time as business hiring creates a healthier sentiment about jobs and wages, consumer spending is likely to remain muted.

### Chart of the Day

Consumer Confidence



## Recent Economic Releases

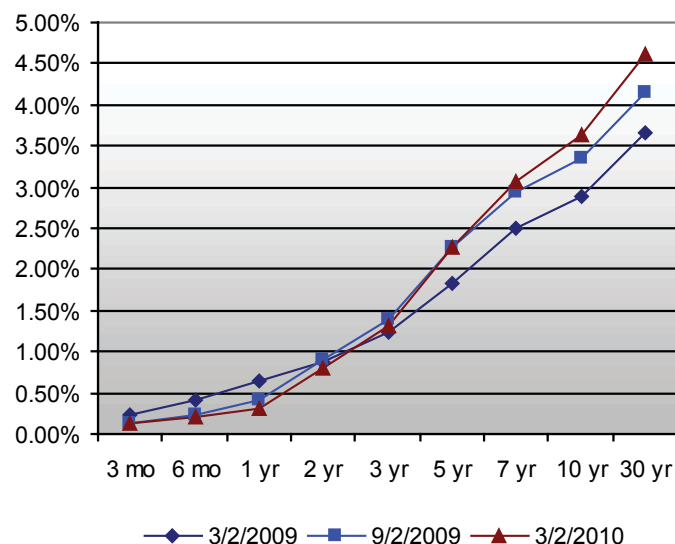
Date	Release	Expected	Actual	Impact
02/26/10	Gross Domestic Product	5.7%	5.9%	↑
02/26/10	U of Michigan Confidence	73.9	73.6	↑
02/26/10	Existing Home Sales	5.50M	5.05M	↓
03/01/10	Personal Income	0.4%	0.1%	↔
03/01/10	Personal Spending	0.4%	0.5%	↑
03/01/10	ISM Manufacturing	57.9	56.5	↑
03/01/10	Construction Spending	-0.6%	-0.6%	↓
03/03/10	ISM Non-Mfg Composite	51.0	53.0	↑

↑ = positive for economy ↓ = negative for economy ↔ = neutral

## Interest Rates as of: March 2, 2010

	Treasury	Agency	Euros/Swaps
1 Month	0.08%	0.09%	0.23%
3 Month	0.14%	0.14%	0.25%
6 Month	0.20%	0.22%	0.38%
1 Year	0.30%	0.33%	0.84%
2 Year	0.80%	1.00%	1.04%
3 Year	1.31%	1.53%	1.64%
5 Year	2.28%	2.56%	2.58%
10 Year	3.64%	3.84%	3.72%
30 Year	4.62%	5.20%	4.48%
Fed Funds Target			0.25%
Prime Rate			3.25%
Discount Rate			0.75%

### US Treasury Yield Curve



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