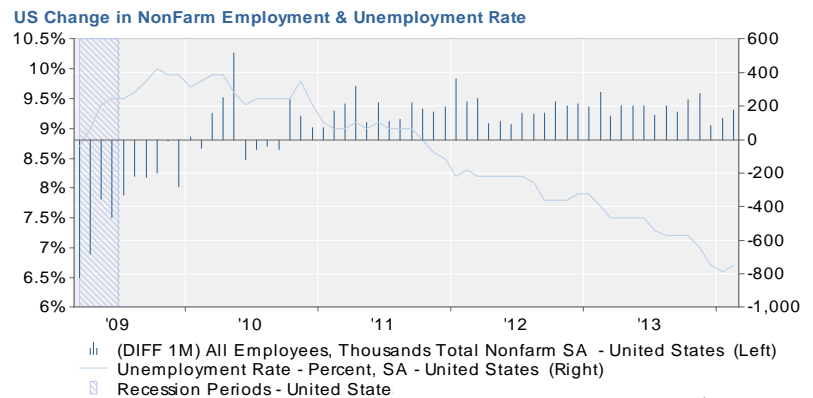


HEADLINE NEWS: FIRST CRIMEA, NEXT TRANSNISTRIA?

- Putin addressed the Russian parliament Tuesday morning and then signed a treaty making Crimea a part of Russia. A parliamentary vote is the only remaining action necessary before the annexation is official, but that is being viewed as a given. The situation remains fragile as the US and Europe have imposed sanctions against Russia, but both stocks and bonds rallied after the announcement. Many feared that Putin's speech to parliament would focus on appropriating more than just Crimea. In fact, according to Bloomberg, Transnistria, a break away state from Moldova who declared independence in 1990, has already asked to join the Russian Federation. This story is far from over and we will be diligent in watching how it impacts the markets.
- The FOMC will meet Tuesday and Wednesday of this week, with Chairman Yellen addressing her first official press conference on Wednesday afternoon. Some things to consider:
 - The weakness in the economic data since the first of the year can be partially attributed to weather, but not completely. The Fed will be sensitive to the Q4 GDP downward revision, the lapse of unemployment benefits, and the impact of the Affordable Care Act.
 - Sensitivity to deflationary pressures will be prominent in the discussion, particularly with the very weak PPI data released last week. Inflation that is considered too low will bolster the argument for maintaining low short-term rates well into 2015.
 - Forward guidance remains a moving target and the 6.5% unemployment target may be challenged sooner than the Fed had anticipated. There is a likelihood that the Committee will abandon that number as a "hard" target going forward.

STOCK MARKET: INSIDERS BEARISH

- According to a WSJ article, a University of Michigan professor recently calculated the sell-to-buy ratio for insiders, adjusted for institutional investors. The ratio for corporate officers and directors in recent weeks stands at 6-1, a record level of bearishness. That is more than double the average adjusted ratio since 1990. The article pointed out that a year ago, the adjusted ratio was solidly in the bullish zone. There have only been two prior occasions when the adjusted insider ratio got almost as bearish as it is today - early 2007 and early 2011. The article noted, however, that insiders aren't bearish across all sectors. Insiders have remained bullish on energy, industrials, and financials.


FIXED INCOME: AS CORPORATE SUPPLY BUILDS, MUNICIPAL SUPPLY REMAINS LOW

- Investment grade corporate supply last week came in at \$45.25 billion, with issuance most prominent in the financials and at the 10Yr point on the curve. On 3/17, the market will price a total of \$7.75 billion in three deals, the largest being \$5.5 billion in a five tranche, AAA rated Exxon (XOM) deal that will price almost on top of Treasuries.
- Municipal supply has dropped again this week, with the \$345 million NY Environmental deal being the largest of the week. The market expects only \$3.8 billion in total issuance, down dramatically from \$12.8 billion last week.
- According to preliminary data compiled by the Rockefeller Institute, state tax revenues increased 3.0% year-over-year for the quarter ending December 2013. This represents the 16th consecutive quarter of positive growth, but is below the average 7.9% rate of increase for the previous three quarters.

S&P 500

INDEX RETURNS (AS OF 3/14/14)

	MTD	YTD
S&P 500	-0.88	0.07
Dow Jones Ind. Avg.	-1.47	-2.53
Barclays MM Short 1-5 Yr.	-0.08	0.77
Barclays MM 1-10 Yr.	-0.08	2.01
ML US Gov/Corp 1-10 Yr.	0.01	1.27

Source: IDC

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