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Ferguson Wellman's Fovinci buys Cisco bonds as Chambers hires

By Wes Goodman, Bloomberg

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Money manager Marc Fovinci said he is buying the bonds of Cisco Systems Inc. as quickening sales growth prompts the world's biggest maker of networking equipment plans to add jobs.

"It's a leader in its field," said Fovinci, who is head of fixed income at Ferguson Wellman Capital Management Inc. in Portland, Oregon, with \$2.5 billion in assets.

John Chambers, chief executive officer of San Jose, California-based Cisco, said the global economy has entered a new phase of recovery. The company will hire 2,000 to 3,000 people in the next several quarters, Chambers said on a conference call on Feb. 3. A government report today will show the U.S. added the most jobs last month since December 2007.

Cisco's 4.95 percent bonds due in February 2019 rose 0.588 yesterday to 103.331, the biggest gain this year, according to data compiled by Bloomberg. The securities yield 4.47 percent, or about 1.02 percentage point more than same-maturity Treasuries, narrowing from 2 percentage points when they were sold in February 2009.

"Almost every country is saying their momentum is better than it was before, and almost every business is saying it's more optimistic," Chambers, 60, said in an interview.

Third-quarter revenue will increase by as much as 26 percent from a year earlier, the company said Feb. 3.

Cisco is a bellwether for technology spending because it dominates the market for routers and switches, which direct Internet traffic.

The U.S. added 15,000 jobs last month, according to the median forecast in a Bloomberg News survey of economists before the Labor Department reports the figure today, as the economy recovers from last year's recession.

U.S. corporate bonds have returned 1.8 percent this year, versus 1.6 percent for Treasuries, according to indexes compiled by Bank of America Corp.'s Merrill Lynch unit.