

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (-02 bps)	GNMA (30 Yr) 6% Coupon:	110-29/32 (1.96%)
6 Mo. T-Bill:	0.06 (-03 bps)	Duration:	3.6 years
1 Yr. T-Bill:	0.16 (-02 bps)	30-Year Insured Revs:	158.5% of 30 Yr. T-Bond
2 Yr. T-Note:	0.55 (-05 bps)	Bond Buyer 40 Yield:	5.47% (-07 bps)
3 Yr. T-Note:	0.93 (-06 bps)	Crude Oil Futures:	98.09 (-15.61)
5 Yr. T-Note:	1.86 (-11 bps)	Gold Futures:	1496.00 (-65.20)
10 Yr. T-Note:	3.15 (-13 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.29 (-11 bps)	BB, 7-10 Yr.:	6.25% (+01 bps)
		B, 7-10 Yr.:	7.42% (+11 bps)

Treasury prices closed the week higher, riding a string of seven straight days of higher prices, despite an employment report for April that beat expectations. The increase in prices left yields at their lowest levels since mid-March. One of the factors pushing prices higher is the report that Greece will leave the European monetary union, which caused investors to seek the safety of U.S. government debt, though Greece has denied the report. The U.S. economy added 244,000 jobs in April, surpassing forecasts of an increase of 185,000. In addition, revisions from the prior two months bumped the figure up by another 46,000. Major economic reports (and related consensus forecasts) for next week include: Tuesday: April Import Price Index (+1.8%) and March Wholesale Inventories (+1.0%); Wednesday: March Trade Balance (-\$47.0 billion) and April Monthly Budget Statement (-\$62.3 billion); Thursday: Initial Jobless Claims (428,000), April Producer Price Index (+0.6%, Ex Food & Energy +0.2%), April Advance Retail Sales (+0.6%, Less Autos +0.6%), and March Business Inventories (+0.9%); and Friday: April Consumer Price Index (+0.4%, Ex Food & Energy +0.2%), and May Preliminary U. of Michigan Consumer Confidence (70.0).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12638.74 (-171.80, -1.34%)	Strong Sectors:	Health Care, Telecom, Utilities
S&P 500:	1340.20 (-23.41,-1.72%)	Weak Sectors:	Oil & Gas, Basic Materials, Industrials
S&P MidCap:	988.90 (-26.36,-2.60%)	NYSE Advance/Decline:	1,151 / 2,031
S&P Small Cap:	444.14 (-13.81,-3.02%)	NYSE New Highs/New Lows:	511 / 56
NASDAQ Comp:	2827.56 (-45.98,-1.60%)	AAll Bulls/Bears:	35.5% / 31.9%
Russell 2000:	833.34 (-31.95,-3.69%)		

The month of May got off to a rocky beginning as stocks fell for four straight days after investors sold off shares of both energy and commodity producers. Stocks rebounded on Friday after the government reported that 244,000 private sector jobs were added in April which easily surpassed investors' expectations of 185,000 new jobs. Silver plunged 27%, crude oil dropped almost 15% and gold fell over 4% for the week as a stronger dollar and concerns over high commodity prices sparked the selloff. Recent market volatility has caused some investors to seek the relative safety of large-cap stocks. Large-cap stocks, which outperformed small-cap stocks in April, continued to do so through the first few trading days of May. The traditionally defensive sector of Health Care is now the year's best performer, this week surpassing Energy and Industrials to claim the top spot. Shares of **Varian Semiconductor** surged over 45% for the week after the company agreed to be acquired in a \$4.9b all-cash deal by **Applied Materials**. Higher material costs and weak sales prompted **Aerpostale** to trim its first-quarter earnings guidance which caused the shares to fall over 18% for the week. Engineering and construction company **Fluor's** shares climbed over 7% Friday after they reported a rise in first-quarter profit and affirmed their 2011 guidance. **Kraft Foods** reported strong first-quarter profits that surpassed analysts' expectations which caused the shares to advance over 2% on Friday. Shares of global payment processor **Visa** advanced almost 1% on Friday after the company reported first-quarter profit that beat expectations. Looking ahead to the coming week, investors will be watching for signs on the state of consumers with April retail sales, April consumer prices and May consumer sentiment numbers all released this week. Disney, Cisco, Kohl's, Precision Castparts and NVIDIA are among the companies due to report earnings during the week.

