

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (+02 bps)	GNMA (30 Yr) 6% Coupon:	112-29/32 (1.04%)
6 Mo. T-Bill:	0.14 (+02 bps)	Duration:	3.72 years
1 Yr. T-Bill:	0.17(+01 bps)	30-Year Insured Revs:	193.8% of 30 Yr. T-Bond
2 Yr. T-Note:	0.26 (unch.)	Bond Buyer 40 Yield:	4.52% (-02 bps)
3 Yr. T-Note:	0.38 (-02 bps)	Crude Oil Futures:	104.79 (+1.74)
5 Yr. T-Note:	0.82 (-02 bps)	Gold Futures:	1663.80 (+21.70)
10 Yr. T-Note:	1.93 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.12 (unch.)	BB, 7-10 Yr.:	5.97% (-12 bps)
		B, 7-10 Yr.:	7.29% (-11 bps)

Treasury prices were virtually unchanged on the week as positive earnings from US companies continue to be contrasted with European debt concerns. Yields were modestly lower on Monday but all movement was reversed on Tuesday as prices dropped slightly lower on mixed US housing data and as the Richmond Fed Manufacturing Index dropped to 69.2 versus the expected 69.9. Treasuries were little changed Wednesday as Fed Chairman Ben Bernanke repeated his commitment to low interest rates without confirming or eliminating the possibility of more quantitative easing. Prices moved up on Thursday as S&P downgraded Spain's long-term credit rating. US economic data was positive as initial jobless claims and pending home sales were better than anticipated. Treasuries were unchanged on Friday as both personal consumption and consumer confidence were higher than expected, but 1Q GDP grew only at a 2.2% rate versus the projected 2.5%. Major economic reports (and related consensus forecasts) for next week include: Monday: March Personal Income (+0.3%), March Personal Spending (+0.4%), April Chicago Purchasing Manager Index (60.5) and April Dallas Fed Manufacturing Activity (8.0); Tuesday: April ISM Manufacturing (53.0), April Total and Domestic Vehicle Sales (14.4M and 11.1M); Wednesday: March Factory Orders (-1.5); Thursday: Initial Jobless Claims (379,000); Friday: April Change in Nonfarm Payrolls (165,000), April Change in Private Payrolls (170,000) and April Unemployment Rate (8.2%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	13228.31 (199.05, 1.53%)	Strong Sectors:	Telecommunications, Oil & Gas, Technology
S&P 500:	1403.36 (24.83, 1.80%)	Weak Sectors:	Consumer Goods, Healthcare, Materials
S&P MidCap:	999.40 (23.05, 2.36%)	NYSE Advance/Decline:	1975 / 1000
S&P Small Cap:	462.02 (11.64, 2.58%)	NYSE New Highs/New Lows:	201 / 12
NASDAQ Comp:	3069.2 (68.75, 2.29%)	AAll Bulls/Bears:	27.64% / 37.4%
Russell 2000:	825.47 (21.42, 2.66%)		

Last week's market still seemed focused on issues in Spain and greater Europe as they seek an answer to their debt situation. In addition, S&P downgraded the debt of Spain's sovereign credit. The United Kingdom further increased worries when it announced that GDP contracted in the first three months, officially putting the country into a recession. The highlight of last week's market was **Apple** and the company's surprisingly strong earnings. The company announced that it sold 35.1 million iPhones for the quarter, up 88% from the previous year. The company also reported that it has sold more than double the amount of iPads from the previous year. CEO, Tim Cook attributed the impressive growth to a strong Chinese market. The stock shot up more than 7% on the news. Opposite of Apple's earnings were **Caterpillar's**. The company had a surprisingly weak quarter, causing analysts to reassess their forecasts. The company sighted significantly weakening demand from the Chinese construction market and announced plans to export excavator production to North America. The North American construction market was a bright spot in an otherwise challenging quarter, the stock fell 4.58% on the earnings announcement. **Wal-Mart** and its executives found itself embroiled in a corruption scandal. It was alleged that company executives had paid bribes to Mexican officials in an effort to expedite their expansion in the country. Moving ahead, we remain in the heart of earnings season. Companies reporting are **McKesson, Pfizer, Emerson Electric, and Chesapeake Energy**. Investors will be focused on Chesapeake's earnings as they endure historically low gas prices. Last week, it was revealed that CEO, Aubrey McClendon, received \$1.4 billion in loans from a private equity firm that was looking to buy assets from Chesapeake. Investors will finally get to ask management questions this week.