

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (+01 bps)	GNMA (30 Yr) 6% Coupon:	112-22/32 (1.23%)
6 Mo. T-Bill:	0.14 (unch.)	Duration:	3.66 years
1 Yr. T-Bill:	0.19 (+02 bps)	30-Year Insured Revs:	212.4 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.29 (+03 bps)	Bond Buyer 40 Yield:	4.37% (-09 bps)
3 Yr. T-Note:	0.36 (unch.)	Crude Oil Futures:	91.48 (-4.65)
5 Yr. T-Note:	0.75 (unch.)	Gold Futures:	1591.90 (-7.9)
10 Yr. T-Note:	1.84 (+12 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.81 (+20 bps)	BB, 7-10 Yr.:	6.16% (+27 bps)
		B, 7-10 Yr.:	7.58% (+34 bps)

Yields for treasuries rose broadly this week, particularly at longer durations, as speculation surrounding the potential of a Greek exit from the Eurozone weighed on stocks and investors sought safety in government debt. Treasuries rose Monday as leaders in Greece prepared for additional talks on forming a government and investors sold risk based assets. The rise continued on Tuesday with the 10 year yield touching a record low for the year as April Advance Retail Sales were flat (.1%), May Empire Manufacturing exceeded expectations (17.09 vs. 9), March Business Inventories missed expectations (.3% vs. .5% consensus), and the April Consumer Price Index was flat (.2%). Minutes from The Federal Reserve said on Wednesday that additional economic stimulus might be needed to sustain the economy, contributing to a rally in 5 and 10 year government notes. In addition, April Housing starts rose 2.6% to 717,000 vs. expectations of 685,000 while April Capacity Utilization was 79.2%, just beating a 79% estimate. On Thursday, the May Philadelphia Fed Index fell to -5.8 vs. an estimate of 10 and treasuries yields touched record lows not seen since last September. The drop continued on Friday with yields closing lower, marking the 9th consecutive week of gains for the treasury markets. Major economic reports (and related consensus forecasts) for next week include: Tuesday: April Existing Home Sales (4.62%); Wednesday: March House Price Index (.3%), April New Home Sales (335K); Thursday: Durable Goods Orders (.3%) and Durable Good Ex Transportation (.8%); Friday: Final U. of Michigan Consumer Confidence for May (77.8)

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	12,369.38 (-451.22, -3.52%)	Strong Sectors:	Telecom Services, Utilities, Consumer Staples
S&P 500:	1,295.22 (-58.17, -4.30%)	Weak Sectors:	Financials, Materials, Consumer Discretionary
S&P MidCap:	905.28 (-59.24, -6.14%)		
S&P Small Cap:	423.10 (-21.62, -4.86%)	NYSE Advance/Decline:	297 / 2,906
NASDAQ Comp:	2,778.79 (-155.03, -5.28%)	NYSE New Highs/New Lows:	90 / 259
Russell 2000:	747.21 (-42.85, -5.42%)	AAll Bulls/Bears:	23.6% / 46.0%

Last week, the S&P 500 Index continued its fall posting the worst performing week of the year with a -4.23% return. While the index performance was up 11.87% from the start of 2012 through the end of April, May has given back a large portion with a performance of -7.16% for the month. Greece was still a major concern for investors last week. Some headlines showed that Greek depositors withdrew EUR700 million from local Greek banks on Monday. The European Central Bank stated that it would curb lending and cease providing liquidity to some Greek banks. With the increasing risk that Greece may exit the euro zone, Fitch downgraded Greece to CCC from B-. The US also had negative economic news adding to the drop in equities. The Philadelphia Fed Index reported a -5.8. The consensus was 10.0 and the previous month was 8.5. A number greater than zero signals expansion in manufacturing in the Philadelphia region. The index of US Leading Indicators fell -0.1%, while consensus was +0.1% and the previous month was a +0.3%. Facebook, a social networking website, began trading on Friday under the ticker FB with an IPO of \$38. The stock closed at \$38.23 on its first day of trading. All ten economic sectors had negative performance last week. Telecommunication services was the strongest with a -0.27% return for the week. The financials and materials sectors performed the worst of all ten sectors returning -6.99% and -6.55% respectively. **Salesforce.com**, a software company, turned in the best performance in the S&P 500 Index with a 5.66% return for the. The next best performer was **Wal-Mart Stores** with a return of 5.07%. Only 18 companies in the S&P 500 Index had positive performance for the week. This week will bring more earnings news from companies such as **Hewlett-Packard**, **Medtronic**, **Costco Wholesale**, **Lowe's**, **Dell**, **Campbell Soup** and **Best Buy**.