

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (unch.)	GNMA (30 Yr) 6% Coupon:	112-16/32 (1.30%)
6 Mo. T-Bill:	0.13 (-01 bps)	Duration:	3.66 years
1 Yr. T-Bill:	0.19 (unch.)	30-Year Insured Revs:	209.8 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.28 (-01 bps)	Bond Buyer 40 Yield:	4.40% (+03 bps)
3 Yr. T-Note:	0.40 (unch.)	Crude Oil Futures:	90.78 (-0.70)
5 Yr. T-Note:	0.75 (unch.)	Gold Futures:	1572.30 (-19.60)
10 Yr. T-Note:	1.73 (+01 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.84 (+03 bps)	BB, 7-10 Yr.:	6.20% (+04 bps)
		B, 7-10 Yr.:	7.68% (+10 bps)

Treasury yields were generally unchanged this week and remain near record lows as fear and uncertainty around Europe continue to generate the risk aversion preference of U.S. debt as well as the stronger Eurozone nations and may continue as Greece is positioned for new elections on June 17th. In Spain, one of the nation's largest lenders, Bankia reportedly requested a \$24 billion injection. In economic news this week, existing home sales increased 3.4% in April to an annual rate of 4.62 million units vs. the estimate of 4.61 million and April new home sales increased 3.3% to an annual rate of 343,000, beating the estimate of 335,000. April durable goods orders increased 0.2%, matching estimates, however, excluding transportation, orders declined 0.6% as the survey expected a 0.8% gain. May U of M Consumer Confidence was reported at 79.3 vs. the estimate of 77.8. Markets will close Monday in observance of the Memorial Day Holiday. Major economic reports (and related consensus forecasts) for next week include: Tuesday: March S&P Cash-Shiller Composite-20 Home Price Index (0.20% MoM, -2.60% YoY), May Dallas Fed Manufacturing Index (1.5); Wednesday: April Pending Home Sales (0.0% MoM, 19.0% YoY); Thursday: 1st Quarter GDP (1.90%), 1st Quarter Personal Consumption (2.90%), May Chicago Purchasing Manager Index (57.0); Friday: May Change in Nonfarm Payrolls (150,000), May Unemployment Rate (8.10%), April Personal Income (0.30%), April Personal Spending (0.30%), May ISM Manufacturing Index (53.8), May Total and Domestic Vehicle Sales (14.41M/11.20M annualized).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12454.83 (85.45,+0.7%)	Strong Sectors:	Materials, Cons Disc, Industrials
S&P 500:	1317.82 (22.60,+1.7%)	Weak Sectors:	Health Care, Info Tech, Cons Staples
S&P MidCap:	934.56 (29.28,+3.2%)	NYSE Advance/Decline:	2,495/ 690
S&P Small Cap:	430.95 (7.85,+1.9%)	NYSE New Highs/New Lows:	73/ 175
NASDAQ Comp:	2837.53 (58.74,+2.1%)	AAll Bulls/Bears:	30.5%/ 38.7%
Russell 2000:	766.41 (19.20,+2.6%)		

U.S. markets gained after three straight weeks of losses as European leaders quelled fears of a disorderly Greek exit. Market sentiment increased after Italian Prime Minister, Mario Monti, said Greece is likely to remain in the euro and that a majority of euro zone countries support a joint bond. In other global news, China vowed to support growth as Chinese banks may fall short of hitting loan targets for the first time in seven years. U.S. economic news was mixed as existing home sales increased 3.4% and new home sales rose to 343,000. However, durable goods, excluding transportation, increased less than expected and jobless claims declined only marginally. Turning to stock news, **Facebook Inc.** tumbled 16.5% for the week as investors balked at its sky high valuation coupled with its sequential decline in revenue last quarter. **Dell Inc.** did not fare much better as shares fell 15.5% for the week after missing earnings expectations due to weak PC demand. **Hewlett-Packard Co.** gained after earnings beat expectations and the company announced plans to reduce the workforce by 27,000 employees. The plan is expected to result in \$3.5 billion in annual savings. **PetSmart, Inc.** jumped 13.9% after the pet-products retailer posted a strong rise in same-store sales and raised guidance. **Costco Wholesale Corp.** also beat expectations on increased profit from membership fees and a 5% increase in same-store-sales. Looking ahead, markets will continue to be driven by sentiment in Europe as euro zone contagion fears have sent equities down in the past month due to the market starting to price in a Greek exit. For investors looking longer term, equities continue to look cheap from a valuation standpoint. Additionally, lower market sentiment generally coincides with a good time to buy stocks.