

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (-01 bps)	GNMA (30 Yr) 6% Coupon:	113-03/32 (0.98%)
6 Mo. T-Bill:	0.13 (unch.)	Duration:	3.68 years
1 Yr. T-Bill:	0.17(unch.)	30-Year Insured Revs:	196.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.25 (unch.)	Bond Buyer 40 Yield:	4.50% (-02 bps)
3 Yr. T-Note:	0.36 (-01 bps)	Crude Oil Futures:	98.54 (-6.39)
5 Yr. T-Note:	0.78 (-04 bps)	Gold Futures:	1643.60 (-21.20)
10 Yr. T-Note:	1.87 (-05 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.06 (-05 bps)	BB, 7-10 Yr.:	5.87% (-10 bps)
		B, 7-10 Yr.:	7.21% (-07 bps)

Treasuries prices were higher again this week as continued concerns out of Europe and softer than expected U.S. economic data increased the demand for the safety of U.S. debt. Treasuries gained Monday as personal spending in March was reported below expectations, European concerns continued, and the Chicago ISM was lower than expectations. The ISM Manufacturing Index for April was reported higher than expected Tuesday sending Treasuries lower for the first time in four sessions. Treasuries were higher Wednesday as European manufacturing reportedly slowed and the ADP employment change for April increased less than expectations, significant ahead of the Friday jobs report. Treasuries were higher again Friday as non-farm payrolls increased less than expectations. The 10-year note was higher for the 7th week in a row, the longest streak since 2008 according to Dow Jones. In other economic news this week, the Dallas Fed Manufacturing Index was reported at -3.4 vs. the estimate of 8.0, April annualized domestic vehicle sales of 11.12 million were slightly better than expected, while total sales were slightly behind estimates, 1st quarter non-farm productivity declined 0.5%, slightly better than the estimate of -0.6%, and the unemployment rate for April was reported at 8.1%. Major economic reports (and related consensus forecasts) for next week include: Wednesday: March Wholesale Inventories (0.60%); Thursday: April Import Price Index (-0.2% MoM, 0.8% YoY), March Trade Balance (-\$50.0B); Friday: April PPI (0.0% MoM, 2.1% YoY), April PPI Excluding Food & Energy (0.2% MoM, 2.8% YoY), May Preliminary University of Michigan Consumer Confidence (76.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	13,038.27 (-190.04, -1.44%)	Strong Sectors:	Telecom Services, Utilities, Consumer Staples
S&P 500:	1,369.10 (-34.26, -2.44%)	Weak Sectors:	Information Technology, Materials, Energy
S&P MidCap:	965.78 (-33.62, -3.36%)	NYSE Advance/Decline:	1,023 / 2,149
S&P Small Cap:	445.67 (-16.35, -3.54%)	NYSE New Highs/New Lows:	363 / 82
NASDAQ Comp:	2,956.34 (-112.86, -3.68%)	AAll Bulls/Bears:	35.4% / 28.5%
Russell 2000:	791.84 (-33.63, -4.07%)		

Last week, the S&P 500 Index opened up the month of May with the worst performance of the year. The return for the week came in at -2.41%. Four out of the five days were down with the momentum increasing as Friday's performance was the worst for the week at -1.61%. Friday's drop was mainly due to the disappointing jobs data in the US with non-farm payrolls for April coming in at 115K, well below the consensus of 160K. This is the smallest increase in payrolls in six months. The March payroll number was revised upward to 154K from 120K. Also, European services and manufacturing output shrank more than expected adding downward pressure on stocks. The EC Composite PMI Output Index signaled contraction in services and manufacturing output coming in at 46.7 for April (readings below 50 indicate contraction). In other US economic news, initial jobless claims decreased the past week to 365K from 388K the prior week with a consensus of 379K. Initial jobless claims increased the prior three weeks of April. Telecommunication services' was the only positive performing sector for the week up 0.19%. The information technology sector performed the worst of all ten sectors returning -3.71%. Other very weak performing sectors were materials and energy returning -3.49% and -3.34% respectively. **Sunoco**, a petroleum refiner and chemical manufacturer, turned in the best performance in the S&P 500 with a 22.78% return for the week. This increase is attributed to Monday's offer to purchase **Sunoco** by **Energy Transfer Partners LP** at \$50 a share. The next best performer was **TripAdvisor** with a return of 9.03%. **Whole Foods Market**, **Masco Corp** and **Scripps Network Interactive** were the only other stocks to return over 5.00% for the week. This week will bring more earnings news from companies such as **Cisco Systems**, **The Walt Disney Co**, **New Corp**, **Express Scripts Holding Co** and **Priceline.com**.