

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.07 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-5/32 (1.63%)
6 Mo. T-Bill:	0.14 (unch.)	Duration:	3.64 years
1 Yr. T-Bill:	0.17 (+01 bps)	30-Year Insured Revs:	214.5 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.30 (+03 bps)	Bond Buyer 40 Yield:	4.39% (-01 bps)
3 Yr. T-Note:	0.41 (+04 bps)	Crude Oil Futures:	80.10 (+3.93)
5 Yr. T-Note:	0.75 (+08 bps)	Gold Futures:	1569.3 (-57.70)
10 Yr. T-Note:	1.67 (+09 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.76 (+07 bps)	BB, 7-10 Yr.:	6.12% (-17 bps)
		B, 7-10 Yr.:	7.48% (-20 bps)

Treasuries were lower for the week as the Federal Reserve announced it would extend the Operation Twist program and investors weighed headlines from Europe that were generally more positive. Yields declined on Monday as speculation surrounded the outcome of Greek elections and the market weighed the impact of a pending FOMC meeting and rate decision. Yields rose on Tuesday, despite data from the housing market that came in below expectations, as European officials signaled they would take all necessary action to maintain the European currency union. May Housing starts were 708k vs. a 722k estimate, a 4.8% decline vs. an expected .7% increase, while building permits increased to 780k vs. a 730k expectation. The drop in treasuries continued on Wednesday as the Federal Reserve said it would extend its Operation Twist program and the federal funds rate was left unchanged at .25%. A slew of bad economic data on Thursday caused Treasuries to reverse course and rally sharply. Sales of previously owned homes dropped 1.5% in May to 4.55MM vs. a 4.57MM estimate as the Philly Fed Manufacturing Index slid to -16.6 vs. an estimate of 0. Friday the European Central Bank loosened collateral requirements to ease access to funding and Eurozone leaders agreed to cooperate on a growth plan. This caused a drop in Treasuries that sent yields up to their highs for the week. Major economic reports (and related consensus forecasts) for next week include: Monday: May New Home Sales (346K, up .9% MoM); Tuesday: June Consumer Confidence (63.5), April S&P/CaseShiller Home Price Index (134.85); Wednesday: May Durable Goods Orders (.5%), May Pending Home Sales MoM and YoY (1.3% and 9.7%, respectively); Thursday: Q1 GDP QoQ (1.9%), Personal Consumption (2.7%); Friday: May Personal Income & Spending (.2% and 0%, respectively), June U. of Michigan Consumer Confidence (74.1).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12640.78 (-126.39,-1.0%)	Strong Sectors:	Health Care, Info Tech, Financials
S&P 500:	1335.02 (-7.82,-0.6%)	Weak Sectors:	Energy, Utilities, Consumer Staples
S&P MidCap:	916.14 (-4.12,-0.4%)	NYSE Advance/Decline:	1,813/ 1,363
S&P Small Cap:	431.3 (1.05,+0.2%)	NYSE New Highs/New Lows:	260/ 86
NASDAQ Comp:	2892.42 (19.62,+0.7%)	AAll Bulls/Bears:	32.9%/ 35.9%
Russell 2000:	775.16 (3.84,+0.5%)		

U.S. equity markets ended a volatile week mixed as large-caps fell but small-caps, which are less exposed to international markets, posted gains. Stocks traded flat to start the week as positive results from the Greek elections were overshadowed by a surge in Spanish bond yields. Investors pushed up stocks mid-week on speculation of additional stimulus from the Fed, but reversed course after the Federal Reserve only increased "Operation Twist" by \$267 billion. Additionally, the Federal Reserve cut its estimates for growth due to a deceleration in hiring. Equities recovered some of their losses on Friday as Moody's bank downgrades were less severe than originally expected. Turning to stock news, **JPMorgan Chase** gained for the week after different sources reported they had sold the majority of their losing position. **Halliburton Co.** slumped for the week as servicing demand is likely to be impacted by the recent drop in oil prices. Retailer **Bed Bath & Beyond Inc.** fell nearly 16% for the week as comparable store sales slowed and guidance was below analyst expectations. **DSW Inc.** also fell after earnings as management cited an increased reliance on sale items. **InterDigital, Inc.** gained 16% after announcing the sale of 1,700 patents to **Intel Corp.** and a doubling of their current buyback program. Looking ahead to next week, sentiment from the European Union's two-day meeting in Brussels, the Supreme Court's likely ruling on healthcare reform and May's durable-goods orders will be key drivers. For patient investors, markets continue to look compelling on a valuation basis. Data points from earnings season, starting in a few weeks, will be a welcome change for the market currently being driven by macro and sovereign debt uncertainty.

