

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.04 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-15/32 (1.53%)
6 Mo. T-Bill:	0.08 (unch.)	Duration:	3.66 years
1 Yr. T-Bill:	0.11 (unch.)	30-Year Insured Revs:	140.6% of 30 Yr. T-Bond
2 Yr. T-Note:	0.24 (+02 bps)	Bond Buyer 40 Yield:	4.07 (+05 bps)
3 Yr. T-Note:	0.39 (+06 bps)	Crude Oil Futures:	95.94 (+0.33)
5 Yr. T-Note:	0.82 (+10 bps)	Gold Futures:	1446.80 (-17.4)
10 Yr. T-Note:	1.90 (+17 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.10 (+15 bps)	U.S. High Yield:	6.01% (-04 bps)
		BB:	4.59% (-04 bps)
		B:	6.09% (-03 bps)

Treasury prices dropped significantly over the week on market news as equities made large gains. Early in the week, Treasuries continued to drop on downward momentum caused by last Friday's positive jobs report and subsequent market gain. Monday, Warren Buffet joined a group of high-profile investors saying they are bearish on bonds. On Tuesday, the equity markets rallied, reducing the demand for Treasuries in an auction of 3-year notes. Treasuries rebounded slightly on Wednesday on a very lackluster auction of 10-year notes. However, Thursday's lower than expected initial jobless claims and a higher than expected increase in wholesale inventories caused Treasuries to dip again despite a strong 30-year auction. On Friday, Treasuries dropped to their lowest price in 6 weeks after the fall in the value of the Japanese Yen past the 100 threshold pushed yields higher. This caused banks to sell Treasuries tied to a hedge involving the Japanese Yen. Treasuries dropped even lower when demand did not materialize even at the higher yield. Major economic reports (and related consensus forecasts) for next week include: Monday: April Advance Retail Sales (-0.3%); Wednesday: MBA Mortgage Applications, May Empire Manufacturing (4.00), April Producer Price Index (-0.6% MoM, 0.8% YoY), April Industrial Production (-0.1%); Thursday: April Consumer Price Index (-0.2% MoM, 1.3% YoY), Initial Jobless Claims (330,000), April Housing Starts (973,000), May Philadelphia Fed. (2.0); Friday: May U. of Michigan Confidence (78.0), April Leading Indicators (0.2%).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	15,118.49 (1.11%)	Strong Sectors:	Industrials, Cons. Disc., Financials
S&P 500:	1633.70 (1.29%)	Weak Sectors:	Utilities, Cons. Staples, Telecom
S&P MidCap:	1189.93 (2.16%)	NYSE Advance/Decline:	2,220 / 941
S&P Small Cap:	548.58 (2.51%)	NYSE New Highs/New Lows:	925 / 49
NASDAQ Comp:	3436.58 (1.79%)	AAII Bulls/Bears:	40.8% / 27.4%
Russell 2000:	975.16 (2.19%)		

Equity markets continued to reach record highs last week, as the S&P 500 gained 19 points or 1.29%. The index was up every day but Thursday, as company earnings and positive economic announcements continued to fuel stock returns. U.S. equity markets are now in their fifth year of a bull market, which has now seen the S&P 500 trading above 1,600 all week and the Dow Jones Industrial Average close above 15,000 for the first time. Global equities gained this week as the Euro Stoxx 50 Index was up 1.4%, the UK FTSE 100 Index was up 1.8%, the Japan NIKKEI 225 was up 6.7% and the China Shenzhen Composite was up 3.8%. As earnings season is starting to wind down, nearly 72% of the 425 companies in the S&P 500 that have released earnings, have exceeded profit projections. On Monday, **Berkshire Hathaway Inc.** announced near record earnings which pushed shares up 1.3% to a record high \$164,990 price for a class A share. Tuesday, **DIRECTV** gained nearly 7% as they announced adding more U.S. and Latin American customers than analyst had expected. **Fossil** jumped over 9% fueled by earnings and positive forward guidance. **EOG Resources** saw shares advance 7.7% as first quarter profits were strong and they see "sustained" high growth rates in oil production. Wednesday, **Whole Foods** was up over 10% as profits rose and they announced future store openings above analyst expectations. Friday, **Priceline.com** announced revenues and earnings that exceeded analyst expectations pushing the stock up nearly 4%. Next week earnings season will be winding down, however large cap stocks **Wal-Mart Stores Inc.**, **Deere & Co**, **Macy's Inc.**, **Cisco Systems Inc.** and **Kohl's Corp.** are all expected to report.