

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-02/32 (1.75%)
6 Mo. T-Bill:	0.07 (-01 bps)	Duration:	3.69 years
1 Yr. T-Bill:	0.10 (-01 bps)	30-Year Insured Revs:	139.8% of 30 Yr. T-Bond
2 Yr. T-Note:	0.24 (unch.)	Bond Buyer 40 Yield:	4.11 (+04 bps)
3 Yr. T-Note:	0.39 (+01 bps)	Crude Oil Futures:	95.93 (-0.11)
5 Yr. T-Note:	0.83 (+01 bps)	Gold Futures:	1355.70 (-80.90)
10 Yr. T-Note:	1.95 (+05 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.16 (+07 bps)	U.S. High Yield:	6.07% (+06 bps)
		BB:	4.65% (+06 bps)
		B:	6.17% (+08 bps)

Treasury yields were higher again this week as better than expected economic data early in the week and increasing concerns that the Fed may curtail bond purchases earlier than anticipated trumped soft economic releases Wednesday and Thursday. Yields were higher Monday as retail sales in April increased 0.1% vs. estimates of a decline of 0.3%. Yields were higher again Tuesday on concerns that the Fed may slow bond purchases. Treasury prices went higher Wednesday as industrial production in April declined 0.5%, which was worse than the estimated decline of 0.2% and manufacturing activity in the New York region declined more than expected. Also Wednesday, the Producer Price Index declined 0.7% vs. expectations of a decline of 0.6%. Prices continued higher Thursday as housing starts in April declined 16.5%, significantly more than the estimated decline of 6.4% and the Philadelphia Fed index was lower than expected. U of M Consumer Confidence index increased to 83.7 vs. expectations of 77.9 helping send yields higher Friday. The market will be listening closely to Fed Chairman Ben Bernanke's testimony next week for any clues about the future of ongoing bond purchases. Major economic reports (and related consensus forecasts) for next week include: Wednesday: April Existing Home Sales (4.98M, 1.20% MoM), Fed Minutes from April 30th -May 1st FOMC Meeting; Thursday: April New Home Sales (425,000, 1.90% MoM), Kansas City Fed Manufacturing Activity (-4); Friday: April Durable Goods Orders (1.50%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	15354.4 (1.67%)	Strong Sectors:	Financials, Industrials, Energy
S&P 500:	1667.47 (2.14%)	Weak Sectors:	Telecom, Info Tech, Utilities
S&P MidCap:	1211.54 (1.85%)	NYSE Advance/Decline:	1,865 / 1,332
S&P Small Cap:	560.6 (2.23%)	NYSE New Highs/New Lows:	914 / 74
NASDAQ Comp:	3498.965 (1.88%)	AAll Bulls/Bears:	38.5% / 29.3%
Russell 2000:	996.28 (2.2%)		

Last week saw the S&P and Dow both reach and exceed record highs. The S&P 500 returned 2.14%, despite concerns the Fed may seek to tighten after Friday's series of stronger-than-expected reports and leading economic indicators. Unfortunately, things were not rosy for the entire global economy, the euro-zone shrank for the sixth consecutive quarter. Perhaps the biggest winner in last week's market was Elon Musk, the chairman of **SolarCity** and CEO of **Tesla Motors**. Musk saw shares in SolarCity soar more than 55% after announcing a deal with **Goldman Sachs** that will finance \$500 million in solar panel installations to be performed by the company. Musk's larger investment, Tesla, announced its first ever quarterly profit. The heavily shorted company saw its shares rise over 19% last week and is currently up 170% year-to-date. Not as fortunate was **John Deere**, the farm equipment company beat the Street's expectations for earnings. However, the company lowered full-year sales guidance to 5% from 6% growth. Shares dropped 5.77% for the week. Also rising with the market was **Google**. The Palo Alto company hosted its annual developer conference and unveiled a new music-streaming service, shares rose 3.29%. Even down on their luck Greece saw the sun shine last week. The **National Bank of Greece** was upgraded by Fitch after successfully raising capital. The bank's shares rose over 80% on the news. Looking ahead, the most critical stories may emanate from **JP Morgan**. Tuesday, shareholders will take a non-binding vote on whether to strip leader Jamie Dimon of his chairmanship of the company. Some shareholders and corporate governance advocates have been pushing for the bank to split the roles. Reporting earnings will be **Campbell Soup** and **Intuit**.