

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.04 (unch.)	GNMA (30 Yr) 6% Coupon:	111-21/32 (1.89%)
6 Mo. T-Bill:	0.07 (unch.)	Duration:	3.59 years
1 Yr. T-Bill:	0.11 (-01)	30-Year Insured Revs:	142.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.27 (-03 bps)	Bond Buyer 40 Yield:	4.35 (+08 bps)
3 Yr. T-Note:	0.49 (-01 bps)	Crude Oil Futures:	97.85 (-1.82)
5 Yr. T-Note:	1.03 (-07 bps)	Gold Futures:	1387.30 (+4.3)
10 Yr. T-Note:	2.13 (-04 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.30 (-03 bps)	U.S. High Yield:	6.63% (+09 bps)
		BB:	5.17% (+08 bps)
		B:	6.71% (+09bps)

Treasury prices were higher this week as declines in equity markets and speculation that the Fed would announce new measures of quantitative easing next week kept demand for government debt in place. On Monday, prices fell and 30 year yields hit their highest level in over a year when Standard & Poor's announced it was raising the credit outlook for the United States as fiscal risks begin to decline. On Tuesday, treasuries rallied for the first time in 3 days as the highest yields in 14 months on 30 year bonds attracted investors to the debt. However, in the next trading session, yields jumped again after a U.S. auction of \$21B in 10 year notes drew the weakest demand since last August. On Thursday, May advance retail sales were reported at .6%, beating expectations for a .4% increase, causing equities to rally, while speculation that the Fed would take additional measures to continue its quantitative easing program sent treasuries higher as well. On Friday, the IMF cut its 2014 forecast for growth in the U.S. to 2.7% from 3%, June Consumer Confidence fell to 82.7 from 84.5 in the previous month, and reports showed that May Industrial Production was flat against expectations for a .2% increase, which caused Treasuries to rally. Major economic reports (and related consensus forecasts) for next week include: Monday: June Empire Manufacturing (0.0); Tuesday: May Consumer Confidence (.2% MoM), May Housing Starts (950k/11.4% MoM) and Building Permits (975K,-3% MoM), and May CPI (.2% MoM); Thursday: May Existing Home Sales (5M/.6% MoM) and May Leading Indicators (.2%);

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	15070.18 (-1.11%)	Strong Sectors:	Telecom, Health Care, Materials
S&P 500:	1626.73 (-0.97%)	Weak Sectors:	Financials, Info Tech, Energy
S&P MidCap:	1172.13 (-0.72%)	NYSE Advance/Decline:	944 / 2,243
S&P Small Cap:	550.98 (-0.49%)	NYSE New Highs/New Lows:	221 / 549
NASDAQ Comp:	3423.555 (-1.28%)	AAll Bulls/Bears:	33.0% / 34.6%
Russell 2000:	981.38 (-0.56%)		

Japan's Nikkei fell 1.48% for the week. However, that does not give any indication of the wild ride the index was on for the last week. Monday the index got off to a strong start rising 4.71%. Tuesday, Japan's major index fell 1.45%, and stayed mostly flat Wednesday. Then Thursday, the Nikkei fell more than 6%, before recovering slightly on Friday. While the S&P 500 including dividends only fell only .97% for the week, the path was far less volatile. In individual stocks, women's apparel specialist **Lululemon** dropped 18.76% for the week after announcing CEO, Christine Day will step down as soon as the board can name an able successor. In addition, it was disclosed Lululemon's chairman and founder, Dennis Wilson sold over 607,000 shares of company stock on June 7th. *USA Today* publisher, **Gannett** was one of the week's biggest winners. The beleaguered newspaper company saw the price of its shares rise over 20% for the week after announcing they would acquire **Belo Corp**, an owner of TV stations and regional cable news networks. Also sharing in the gains was **Cooper Tire and Rubber**. The company announced it will be acquired by Indian tire maker, **Apollo Tyres**. Cooper's shares rose 33.81% in the previous five trading days. In a blow to biotech company, **Myriad Genetics**, the Supreme Court ruled to ban the ability to patent naturally occurring genes. The company holds the now invalidated patents for genetic tests related to breast cancer predisposition. The company's shares fell 16.19% for the week. In the week ahead, **Boeing** investors will want to pay close attention to the Paris International Air Show. Traditionally, the air show is a source of significant orders for the plane maker. Economic bell weather **FedEx**, and software company, **Oracle** will both report earnings. Finally, stocks will likely seek direction from developments in the Asian markets as investors seek to assess the effectiveness of "Abenomics", as Japan seeks to stimulate their economy.