

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (+01 bps)	GNMA (30 Yr) 6% Coupon:	114-10/32 (1.23%)
6 Mo. T-Bill:	0.08 (+04 bps)	Duration:	3.74 years
1 Yr. T-Bill:	0.22 (-02 bps)	Bond Buyer 40 Yield:	4.38 (+01 bps)
2 Yr. T-Note:	0.57 (-03 bps)	Crude Oil Futures:	59.44 (+0.29)
3 Yr. T-Note:	0.93 (-02 bps)	Gold Futures:	1187.60 (+13.10)
5 Yr. T-Note:	1.49 (-01 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.14 (+03 bps)	U.S. High Yield:	6.44% (-01 bps)
30 Yr. T-Bond:	2.90 (+07 bps)	BB:	4.91% (+02 bps)
		B:	6.70% (-05 bps)

Treasury prices reached their lowest level in months on Wednesday before rallying slightly to end the week. Treasury prices slid each of the first three days of the week as German bunds sold off on Monday, which continued to weigh on U.S. debt. On Tuesday, a better than expected reading from the ISM Non-Manufacturing Composite seemed to confirm some of the Federal Reserve's views on growth, so investors speculated on a rate hike, causing yields to rise as Equities dropped significantly. On Wednesday, prices fell for the 8th straight day when Fed Chairwoman Janet Yellen warned there could be a sharp jump in interest rates when the Fed raises key interest rates. Analysts also maintained that the key driver in the Treasury market was the selloff in Europe where the 10-year German Bund has risen significantly since mid-April. Treasury prices then rose on Thursday and Friday on mixed jobs data to end the week close to where they started as Equities rallied. ADP employment came in lower than expected but so did initial jobless claims, while the change in nonfarm payrolls and the unemployment rate were about in line with expectations. This economic data eased concerns of a rate hike as investors were worried strong data may cause a rate hike by the Fed to be sooner. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: April NFIB Small Business Optimism (96.0); Wednesday: May 8 MBA Mortgage Applications, April Advance Retail Sales (0.2% MoM); Thursday: April PPI Final Demand (0.1% MoM), May 9 Initial Jobless Claims (270,000); Friday: May Empire Manufacturing (5.00), April Industrial Production (0.0% MoM), April Capacity Utilization (78.3%), May P U. of Michigan Sentiment (96.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	18191.11 (1.07%)	Strong Sectors:	Financials, Health Care,
S&P 500:	2116.10 (0.44%)		Cons. Staples
S&P Midcap:	1518.77 (0.38%)	Weak Sectors:	Telecom, Energy,
S&P Smallcap:	710.38 (0.45%)		Utilities
NASDAQ Comp:	5003.549 (0.03%)	NYSE Advance/Decline:	1,046 / 2,180
Russell 2000:	1234.928 (0.58%)	NYSE New Highs/New Lows:	220 / 91
		AAll Bulls/Bears:	27.1% / 26.8%

Last week, the S&P 500 returned .44%, closing at 2116.10, just below its all-time highs set two weeks ago. Year-to-date, the S&P 500 has returned 3.51%, and currently, trades at a multiple of 18.69 times earnings with a dividend yield of 1.97%. In spite of last week's calm domestic markets, the Shanghai Stock Exchange Composite Index fell by more than 5.3%. Before last week, some of this year's best returns had been in China. Prior to last week's drop, the Shanghai Stock Exchange Composite Index had returned more than 37% and traded at a multiple of 22 times earnings. This year's strong rally in China has remained a puzzle to many investors as the Chinese economy has mostly weakened. Also puzzling investors is what caused last week's decline. Nevertheless, China's central bank responded early Monday with its third interest rate cut in six months. Stocks in Shanghai have responded positively up more than 3% to start this week. In individual domestic stocks, perhaps last week's biggest winner was nutrition products maker, **Herbalife**. The embattled company that is under the scrutiny of the FTC, announced better-than-expected results and raised 2015 guidance. Shares in the company rose more than 14% to end the week. **McDonald's** announced restructuring plans by agreeing to sell 3,500 restaurants to franchisees by 2018. Shares in McDonald's rose in line with the market. Longtime CEO of **Cisco**, John Chambers announced that he is stepping down later this summer. John Chambers has been CEO of the company since 1995. Shares in **Whole Foods Market** fell by 11.61% last week after the company announced worse-than-expected sales results causing many analysts to lower their price targets for the company. Looking ahead to this week, **Dish Network**, **Sotheby's**, **McKesson** and **Macy's** all report quarterly results.