

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.00 (-01 bps.)	GNMA (30 Yr) 6% Coupon:	114-08/32 (1.29%)
6 Mo. T-Bill:	0.06 (-02 bps)	Duration:	3.76 years
1 Yr. T-Bill:	0.25 (+04bps)	Bond Buyer 40 Yield:	4.39 (-06 bps)
2 Yr. T-Note:	0.61 (-01 bps)	Crude Oil Futures:	60.30 (+0.58)
3 Yr. T-Note:	0.93 (-07 bps)	Gold Futures:	1189.40 (-14.60)
5 Yr. T-Note:	1.49 (-08 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.12 (-09 bps)	U.S. High Yield:	
30 Yr. T-Bond:	2.88 (-10 bps)	BB:	4.86% (-05 bps)
		B:	6.70% (unch.)

Treasury prices rose during the week over concerns of Greece's ability to repay loans by their deadline next month. On Tuesday, housing showed signs of improvement as purchases of new homes exceeded expectations. Treasuries pulled back on Wednesday as concerns of a default by Greece increased demand for haven assets. On Thursday, the number of applications filed for jobless benefits were below expectations, remaining below 300,000 for the 12th consecutive week. On Friday, revisions to the first quarter GDP growth were less than forecasted but still caused GDP to shrink from 0.2% to -0.7%. The decline was primarily due to an appreciating dollar, causing exports to decline and imports to increase. Federal Reserve officials believe the setback in growth is temporary. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: April Personal Income (0.3%), April Personal Spending (0.2%), May Markit US Manufacturing PMI (53.8%), April Construction Spending (0.7% MoM), May ISM Manufacturing (52.0), May ISM Prices Paid (43.0); Tuesday: April Factory Orders (-0.1%); Wednesday: Prior Week MBA Mortgage Applications, May ADP Employment Change (200K), April Trade Balance (-44.0B); Thursday: May 30 Initial Jobless Claims (278k); Friday: Change in Nonfarm Payrolls (228K), May Unemployment Rate (5.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	18,010.68 (-1.15%)	Strong Sectors:	Health Care, Utilities, Telecom
S&P 500:	2,107.39 (-0.84%)	Weak Sectors:	Energy, Industrials, Information Technology
S&P Midcap:	1,524.67 (-1.06%)	NYSE Advance/Decline:	965 / 2,259
S&P Smallcap:	712.88 (-1.06%)	NYSE New Highs/New Lows:	148 / 132
NASDAQ Comp:	5,070.03 (-0.37%)	AAll Bulls/Bears:	27.0% / 25.1%
Russell 2000:	1,246.53 (-0.43%)		

Equity markets retreated during the Memorial Day shortened trading week. The S&P 500 closed down just over 1% as interest rate concerns continue to cloud the market. Economic data continues to contribute to choppy markets, as the quest for clarity from the Federal Reserve on interest rates continues. Tuesday, there were positive economic data announcements from durable goods, housing starts and consumer confidence. Friday, economic data was weaker as 1st quarter GDP was negative, the Chicago Purchasing Manager was lower and personal consumption lighter than expected. Despite the retreat this week, the S&P 500 closed May at an all-time monthly high. Greece was back in the headlines, they owe a \$300m payment to the IMF on June 5th and there are significant risks that they may default on this payment. There continues to be a possibility the two sides come to a compromise, but the odds of a long term restructuring of Greece's debt still hangs in the balance. Merger and acquisitions continue to dominate news feeds. **Time Warner Cable Inc.** received a \$79b offer from **Charter Communications Inc.** as the cable giants continue to battle for superiority. M&A in the Semiconductor industry continue to heat up, with **Avago Technologies** agreeing to buy **Broadcom Corp.** for nearly \$30b in cash and stock. The New York Post reported that **Intel Corp.** is near a deal to buy **Altera Corp.** for nearly \$14b in cash. **Cypress Semiconductor Corp.** entered into an agreement to buy **Integrated Silicon Solutions Inc.** for over \$500m in cash. M&A activity is getting so hot, all **Humana Inc.** had to do to rally their shares 20% is hire Goldman Sachs to help pursue a sale of the now \$32b health insurance company. Despite near term murky economic data, we continue to remain constructive long term when it comes to equities. In tragic news, Ed Gilligan, the President of the Global Consumer and Small Business unit at **American Express Co.**, died Friday after needing and emergency landing on an overseas flight to New York.