

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.23 (unch.)	GNMA (30 Yr) 6% Coupon:	112-25/32 (1.78%)
6 Mo. T-Bill:	0.34 (-05 bps)	Duration:	3.82 years
1 Yr. T-Bill:	0.52 (-08 bps)	Bond Buyer 40 Yield:	3.94 (-06 bps)
2 Yr. T-Note:	0.70 (-03 bps)	Crude Oil Futures:	39.53 (+2.74)
3 Yr. T-Note:	0.83 (-03 bps)	Gold Spot:	1239.83 (+17.23)
5 Yr. T-Note:	1.15 (-06 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.72 (-05 bps)	U.S. High Yield:	8.52% (-07 bps)
30 Yr. T-Bond:	2.55 (-05 bps)	BB:	5.84% (-06 bps)
		B:	8.23% (-10 bps)

Treasury prices rose over the course of the week on a volatile currency market and as investors responded to a risk-off environment. On Monday, Treasury prices rose slightly after the previous week's comments from Janet Yellen implied that rates would remain lower for longer. Treasury prices then rose significantly on Tuesday after the managing director of the International Monetary Fund warned that risks to the global economy are rising and called on the world's economies to take steps to boost growth. Treasury prices pulled back slightly on Wednesday with a risk-on environment before rising significantly on Thursday as investors reversed course and fled risky assets. Thursday's move was led by a risk-off trade in currency markets as the Japanese Yen strengthened to its highest level since October 2014. This came despite Initial Jobless Claims reporting lower than expected. On Friday, Treasuries pulled back modestly as oil rose significantly and the Bank of Japan hinted that they would take action to weaken the Yen, causing a risk-on environment. After starting the week down, oil rebounded and ended the week up 7%. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: March NFIB Small Business Optimism (93.7); Wednesday: April 8 MBA Mortgage Applications, March Advance Retail Sales (0.1% MoM), March PPI Final Demand (0.3% MoM, 0.3% YoY); Thursday: April 9 Initial Jobless Claims (270,000), March CPI (0.2% MoM, 1.0% YoY); Friday: April Empire Manufacturing (2.00), March Industrial Production (-0.1% MoM), March Capacity Utilization (75.4%), April Prelim. U. of Michigan Sentiment (92.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17576.96 (-1.15%)	Strong Sectors:	Energy, Health Care
S&P 500:	2047.60 (-1.15%)		Cons. Staples
S&P Midcap:	1427.22 (-1.67%)	Weak Sectors:	Utilities, Cons. Discretionary
S&P Smallcap:	672.42 (-2.26%)		Financials
NASDAQ Comp:	4850.689 (-1.27%)	NYSE Advance/Decline:	1,225 / 1,958
Russell 2000:	1097.314 (-1.81%)	NYSE New Highs/New Lows:	277 / 47
		AAll Bulls/Bears:	32.2% / 21.5%

The S&P 500 Index returned -1.15% this week, the worst weekly loss since early February. The S&P 500 Volatility Index soared over 17% as equity prices fell and volatility grew. Following the Fed Chair Janet Yellen's assurances that the pace of future interest rate hikes would be gradual, the probability of a rate hike in April fell to 0% according to Bloomberg. In fact, the first time Bloomberg projects odds of a rate hike above 50% is now in February 2017. The S&P 500 Banking Index had a -3.5% return for the week because interest rates continued to fall which impacts banks profitability. European stocks fared slightly better as the STOXX Europe 600 Index only fell -0.21%. **Virgin America** surged 42% on Monday because they agreed to be acquired by **Alaska Air Group** for \$57 in cash. The combination creates one of the largest west coast airlines as they will have over 1,200 daily departures and expands Alaska's existing footprint in California. Wednesday, the combination of **Pfizer Inc.** and **Allergan Plc** was officially terminated. New rules were announced by Treasury Secretary Jack Lew that would make it harder for companies like Pfizer to be acquired by Allergan with the largest benefit being a tax motivated move to Ireland. Pfizer CEO Ian Read defended the company's planned merger in an op-ed piece that ended with him saying: "If the new rules can be changed arbitrarily and applied retroactively, how can any U.S. company engage in long-term investment planning necessary to compete? The new 'rules' show that there are no set of rules." As a result of the termination, Pfizer's shares jumped 2% and Allergan's shares fell nearly 15% on Tuesday. **The Gap Inc.** had a -18% return this week on news that its comparable sales fell 6% year-over-year in March. **Halliburton Co.** saw its shares climb over 6% and **Baker Hughes Inc.** rallied over 8% on news that U.S. antitrust officials sued to try and stop the two companies combining, they stated that the potential combination threatens competition and should be blocked. Looking ahead to next week, U.S. companies will 'earnings season' as **Alcoa Inc.** is expected to announce earnings Monday. Other companies expected to announce next week are **JPMorgan Chase & Co.**, **Bank of America Corp.**, **Wells Fargo & Co.**, **Citigroup Inc.**, **Morgan Stanley**, **PepsiCo Inc.**, and **IBM Inc.**