

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.75 (-01 bps)	GNMA (30 Yr) 6% Coupon:	113-02/32 (2.02%)
6 Mo. T-Bill:	0.90 (+01 bps)	Duration:	4.23 years
1 Yr. T-Bill:	1.02 (+05 bps)	Bond Buyer 40 Yield:	4.25 (+01 bps)
2 Yr. T-Note:	1.26 (unch)	Crude Oil Futures:	50.60 (+2.63)
3 Yr. T-Note:	1.49 (-04 bps)	Gold Spot:	1,249.20 (+5.63)
5 Yr. T-Note:	1.92 (-02 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.39 (-02 bps)	U.S. High Yield:	6.21% (-08 bps)
30 Yr. T-Bond:	3.01 (unch)	BB:	4.82% (-17 bps)
		B:	6.23% (-02 bps)

Last week began with investors doubting President Trump's ability to advance tax reforms and other pro-growth fiscal policies after failing to repeal and replace the Affordable Care Act. As stocks sold off, investors poured assets into safe-haven Treasuries causing the benchmark 10-yr yield to reach the lowest level in a month. The University of Michigan consumer sentiment survey fell from 97.6 to 96.9 on Tuesday further propping up Treasury prices. A reversal in the direction of yields began Wednesday in response to oil futures hitting a three week high, ultimately rising more than 5% on the week. Fourth quarter GDP indicated the economy expanded at a 2.1% annual pace, continuing jobless claims fell by 3,000, and personal income rose 0.4% in February. February's YoY PCE deflator hit 2.1% as expected. This marks the first time since 2012 that the Fed's preferred measure of inflation climbed above its 2% long-term target. Core prices, excluding energy, were also up. Economic data continues to support the consensus expectation for at least two more Fed rate hikes this year. The market interpreted Fed President William Dudley's anticipation of two more rate hikes as dovish on Friday, pulling yields back down. His comments followed other Fed President's suggestions that there could be three or four more hikes this year. Major economic reports (and related consensus forecasts and prior data) for the upcoming week include Monday: March ISM Manufacturing (57.2, 57.7), March ISM Prices Paid (66.0, 68.0), February Construction Spending (1.0%, -1.0%); Tuesday: February Trade Balance (\$-44.6B), February Factory Orders (0.9%, 1.2%), February Durable Goods Orders Final (1.7%, 1.7%), Wednesday: March 31 MBA Mortgage Applications, March ADP Employment Change (189k, 298k); Thursday: April 1 Initial Jobless Claims (250k, 258k); Friday: March Change in Nonfarm Payrolls (175k, 235k), and the March Unemployment Rate (4.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	20,663.22 (0.32%)	Strong Sectors:	Energy, Materials,
S&P 500:	2,362.72 (0.82%)		Consumer Discretionary
S&P Midcap:	1,719.65 (1.55%)	Weak Sectors:	Utilities, Consumer Staples,
S&P Smallcap:	844.17 (2.30%)		Telecommunication Services
NASDAQ Comp:	5,911.74 (1.45%)	NYSE Advance/Decline:	2,292 / 809
Russell 2000:	1,385.92 (2.37%)	NYSE New Highs/New Lows:	227 / 69
		AAll Bulls/Bears:	30.2% / 37.4%

With the GOP unable to garner enough support for the healthcare bill the prior Friday, equities showed their only weakness last week at the open on Monday. They advanced most of the week as the S&P 500 Index returned 0.82%. The index closed the first quarter of 2017 with a 6.07% return, marking the best quarterly performance since fourth quarter 2015. Expectations of tax reform showed investors increasing their exposure to less defensive names, with energy, consumer discretionary and materials leading the way. Crude oil advanced 5.48% for the week, increasing \$2.63 and closing at \$50.85 per barrel. The advance came as an Energy Information Administration report showed a decline in US refined product stockpiles. U.S. consumer confidence came in higher than expected as the Conference Board number jumped to the highest level since December 2000. The U.S. Richmond Federal Reserve Manufacturing Survey also showed a positive jump above expectations for March. News that the U.S. economy grew at a revised rate of 2.1% in the fourth quarter also helped fuel the advance of equities. The US initial jobless claims of 258K were higher than the consensus estimate of 247K, but lower than the previous week's 261K. Eight of the eleven economic sectors had positive performance for the week with energy showing the best performance returning 2.21%. **Vertex Pharmaceuticals Inc.**, a pharmaceutical company that develops drugs for cystic fibrosis and autoimmune diseases, jumped 20.45% on Wednesday after releasing great results from a drug trial. **ConocoPhillips**, a large energy company focused on exploration and production, increased 8.81% on Thursday after announcing it would sell some of its Canadian assets to Cenovus Energy for \$13.3 billion in cash and stock, allowing them to reduce debt and increase share repurchasing. **FMC Corp.**, a diversified research chemical company in the materials sector, climbed 13.15% on Friday after announcing that it would acquire a portion of DuPont Corp. The European Commission is requiring DuPont Corp to divest this specific portion due to their pending merger with The Dow Chemical Company.