

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.79 (+02 bps)	GNMA (30 Yr.) 6% Coupon:	112-23/32 (2.11%)
6 Mo. T-Bill:	0.97 (+06 bps)	Duration:	4.19 years
1 Yr. T-Bill:	1.06 (+08 bps)	Bond Buyer 40 Yield:	4.21 (+06 bps)
2 Yr. T-Note:	1.26 (+08 bps)	Crude Oil Futures:	49.33 (-0.29)
3 Yr. T-Note:	1.44 (+04 bps)	Gold Spot:	1,284.44 (-3.48)
5 Yr. T-Note:	1.81 (+04 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.28 (+03 bps)	U.S. High Yield:	6.13% (-05 bps)
30 Yr. T-Bond:	2.95 (+05 bps)	BB:	4.71% (-06 bps)
		B:	6.17% (-05 bps)

Treasury prices dropped over the course of the week as investors took a more risk-on approach in the wake of the first round of the French Presidential election. Sunday's election in France resulted in Emmanuel Macron and Marine Le Pen advancing to a runoff. Polling suggests that Macron, who is seen as the centrist candidate, is likely to win, which alleviated fears of France leaving the European Union and reduced fears of significant change in Europe. This caused many investors to leave safe-haven assets like Treasuries and move to riskier assets like Equities. Strong new home sales of 621k compared to estimates of 584k on Tuesday also contributed to this week's risk-on environment. However, Treasuries rebounded later in the week as President Trump's aggressive tax cut plan was met with skepticism on Wednesday as broad rhetoric instead of specific details from cabinet members led investors to doubt that tax reform would pass. On Thursday, the European Central Bank kept rates unchanged when investors believed ECB President Mario Draghi might begin to taper, which increased demand for European bonds. Treasuries ended the week down on Friday as the Consumer Price Index reading of 2.3% was higher than the expected 2.0%, even though the increases in GDP and Personal Consumption were less than expected. Major economic reports (related consensus forecasts; prior data) for the upcoming week include: Monday: March Personal Income (3.2%, 0.4%), March Personal Spending (0.2%, 0.1%), April Final Market US Manufacturing PMI (52.8, 52.8), April ISM Manufacturing (56.5, 57.2), March Construction Spending (0.4%, 0.8%); Wednesday: April 28 MBA Mortgage Applications, April ADP Employment Change (178k, 263k), May 3 FOMC Rate Decision Upper Bound (1.00%, 1.00%); Thursday: March Trade Balance (-\$44.5b, -\$43.6b), April 29 Initial Jobless Claims (248k, 257k), March Factory Orders (0.5%, 1.0%), March Final Durable Goods Orders; Friday: April Change in Nonfarm Payrolls (190k, 98k), April Unemployment Rate (4.6%, 4.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	20,940.51 (1.91%)	Strong Sectors:	Health Care, Cons. Discretionary
S&P 500:	2,384.20 (1.53%)		Materials
S&P Midcap:	1,732.76 (0.91%)	Weak Sectors:	Energy, Utilities,
S&P Smallcap:	851.36 (1.44%)		Telecom.
NASDAQ Comp:	6,047.61 (2.33%)	NYSE Advance/Decline:	1,901 / 1,175
Russell 2000:	1,400.43 (1.50%)	NYSE New Highs/New Lows:	544 / 71
		AAll Bulls/Bears:	38.0% / 31.7%

Equity markets continued to surge last week on news of a large tax cut proposal and strong corporate earnings. The S&P 500 Index rallied over 1.5%, bringing the year-to-date return for the index to over 7%. The rally was started by a favorable result in the preliminary French Presidential election. European markets, measured by the STOXX 600, were up over 2% on Monday as the equity markets digested the Le Pen vs Macron matchup for the final May 7th election. Earnings season kicked into high gear as 193 of the S&P 500 reported earnings. **Alphabet Inc.**, better known as Google, rallied over 3.5% to an all-time high on Friday, after they reported record earnings on favorable mobile search trends, strength in their YouTube brand and continued success in their cloud computing unit. **Amazon.com Inc.**, also reached an all-time high Friday, as its shares were up 0.6% on a positive earnings release, fueled by a heavy investment into Europe, continued push into advertising and success in the retail endeavors. Not to be outdone, **Microsoft Corp.** also reached an all-time high, as results were helped by strength in their cloud computing business, continued benefit from their LinkedIn acquisition and share buybacks. **C.R. Bard Inc.**, a large-cap health care supply company, was up over 21% on the week after they agreed to be purchased by **Becton Dickinson and Co.** for over \$24b in cash and stock. While markets continue to churn out gains, geopolitical risk in North Korea seems to be close to a tipping point. President Trump and his team held a meeting with all 100 Senators to brief them about the current instability of North Korea. Looking ahead to next week, earnings season continues as 126 more S&P 500 names are expected to report earnings. Those expected to announce include: **Apple Inc.**, **Facebook Inc.**, **Berkshire Hathaway Inc.**, **Pfizer Inc.** and **Merck & Co. Inc.** among many others.