

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.87 (-02 bps)	GNMA (30 Yr) 6% Coupon:	112-30/32 (2.05%)
6 Mo. T-Bill:	1.01 (+01 bps)	Duration:	4.19 years
1 Yr. T-Bill:	1.10 (+01 bps)	Bond Buyer 40 Yield:	4.18 (-03 bps)
2 Yr. T-Note:	1.29 (-02 bps)	Crude Oil Futures:	47.84 (+1.62)
3 Yr. T-Note:	1.49 (-02 bps)	Gold Spot:	1,228.43 (+0.42)
5 Yr. T-Note:	1.85 (-04 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.33 (-02 bps)	U.S. High Yield:	6.06% (+12 bps)
30 Yr. T-Bond:	2.99 (+01 bps)	BB:	4.65% (-05 bps)
		B:	6.16% (-05 bps)

Treasury prices dropped significantly to begin the week before rebounding and ending slightly higher. The election of Emmanuel Macron in France on Sunday caused yields to move higher during the first few days of the week as investors embraced a risk-on mentality as geopolitical concerns related to France possibly exiting the European Union lessened. Demand was also weak for auctions of 3-year and 10-year Treasury notes on Tuesday and Wednesday respectively, causing yields to hit an 8-week high on Wednesday. Treasury prices began to rebound on Thursday as weak retail sales data caused investors to sell equities and seek the perceived safety of Treasuries. On Friday, Treasury prices rose significantly, reversing the losses from the first half of the week on poor inflation data. Investors believed inflation may be on the horizon as the Producer Price Index was higher than expected on Thursday, but Friday's Consumer Price Index came in below expectations and yields fell. Also contributing to Friday's increase in Treasury prices was weaker than expected April retail sales (0.4% MoM compared to 0.6% MoM estimates), and reduced expectations for a June rate hike according to the Chicago Mercantile Exchange's FedWatch tool. Oil also rose 4% over the course of the week after the U.S. Energy Information Administration reported that U.S. crude oil inventories dropped by 5.2M barrels last week. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Monday: March Empire Manufacturing (0.2%, 0.3%); Tuesday: April Housing Starts (1.260M, 1.215M), April Industrial Production (0.4% MoM); Wednesday: May 12 MBA Mortgage Applications; Thursday: May 13 Initial Jobless Claims (240k, 236k), May Philadelphia Fed Business Optimism (18.5, 22.0), April Leading Index (0.4%, 0.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	20,896.61 (-0.34%)	Strong Sectors:	Information Technology, Energy, Utilities
S&P 500:	2,390.90 (-0.26%)	Weak Sectors:	Materials, Real Estate, Financials
S&P Midcap:	1,719.33 (-1.06%)	NYSE Advance/Decline:	1,320 / 1,754
S&P Smallcap:	838.54 (-1.19%)	NYSE New Highs/New Lows:	325 / 92
NASDAQ Comp:	6,121.23 (0.42%)	AAll Bulls/Bears:	32.7% / 30.2%
Russell 2000:	1,382.77 (-0.98%)		

This week U.S. stocks retreated by -0.26%, as measured by the S&P 500, after setting a record high on Wednesday. The market reflected concern for an economic slowdown after data on consumer prices and retail sales, though positive, grew at a slower pace. Retailer **Nordstrom** ebbed 10% after reporting first quarter earnings that missed estimates, and followed the peer trend of waning sales. The company, along with **Macy's**, **Ralph Lauren**, and **Kohl's**, was one of the worst performing stocks in the S&P 500. Turmoil in Washington DC will be closely watched by investors after the President fired FBI director James Comey. Democrats and Republicans have been at odds on everything from repealing and replacing the Affordable Care Act, reforming taxes, to foreign policy concerns. The firing only deepens that division. Oil closed at just under \$48 dollars a barrel. The commodity has rebounded off its yearly low at the beginning of the month and is still off the February high of over \$54. Nine of the eleven sectors were negative this week. Information Technology, led by **NVIDIA Corp** and **Electronic Arts**, was the best performing sector. The group has been trading up with the main drivers of growth coming from gaming, data centers, and increased semiconductor demand from the auto industry. Materials stocks logged the worst returns in the S&P 500 this week. The sector was hit with negative earnings guidance revisions after **Sealed Air Corp** and **International Flavors & Fragrances** reported this week. With earnings season coming to an end, investors will be keeping an eye on economic releases and policy decisions in Washington.