

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.92 (+02 bps)	GNMA (30 Yr) 6% Coupon:	112-24/32 (2.10%)
6 Mo. T-Bill:	1.06 (+05 bps)	Duration:	4.20 years
1 Yr. T-Bill:	1.15 (+06 bps)	Bond Buyer 40 Yield:	4.09 (-03 bps)
2 Yr. T-Note:	1.29 (+02 bps)	Crude Oil Futures:	49.80 (-0.53)
3 Yr. T-Note:	1.45 (+01 bps)	Gold Spot:	1266.76 (+10.83)
5 Yr. T-Note:	1.79 (+01 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.25 (+01 bps)	U.S. High Yield:	5.95% (-06 bps)
30 Yr. T-Bond:	2.91 (+01 bps)	BB:	4.55% (-05 bps)
		B:	6.04% (-05 bps)

Treasuries fell early in the week, but reversed on Wednesday when the Federal Reserve released the minutes of its meeting on May 2-3. On Tuesday, the White House released its budget for 2018, proposing to cut most entitlement programs except Social Security and Medicaid and increase infrastructure spending, reigniting expectations of higher growth and inflation, which sent yields higher. Longer-term yields then fell on Wednesday after the Fed minutes showed it would take a cautious approach to hiking rates while looking for additional evidence that slow economic growth in the first quarter was temporary. Despite the prudence, the Federal Reserve is widely expected to raise rates at its June 13-14 meeting. Treasuries were relatively unchanged on Friday, despite new economic data, as markets closed early ahead of Memorial Day weekend. Annual real GDP growth was revised upward from 0.7% to 1.2% and new orders for durable goods declined 0.7% in April versus the consensus forecast of -1.5%. The University of Michigan Consumer Sentiment Index rose from 97 in April to 97.1 in May compared to a consensus forecast of 97.5. The survey indicated consumers expect wages to grow 2% over the next year, compared to 1.6% previously. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Tuesday: May Conf. Board Consumer Confidence (119.9, 120.3), April Personal Income (0.4%, 0.2%), April Personal Spending (0.4%, 0.0%); Wednesday: May 26 MBA Mortgage Applications (0%, 4.4%), May Chicago Purchasing Manager (57.0, 58.3); Thursday: May 27 Initial Jobless Claims (239K, 234K), May ISM Manufacturing (54.6, 54.8), May Final Market US Manufacturing PMI (52.5, 52.5), May ADP Employment Change (180K, 177K), April Construction Spending (0.5%, -0.2% MoM); Friday: May Change in Nonfarm Payrolls (185K, 211K), May Unemployment Rate (4.4%, 4.4%), April Trade Balance (-\$46.0b, -\$43.7b).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,080.28 (1.35%)	Strong Sectors:	Utilities, Information Tech, Consumer Staples
S&P 500:	2,415.82 (1.47%)	Weak Sectors:	Energy, Telecom Services, Real Estate
S&P Midcap:	1,727.27 (0.93%)	NYSE Advance/Decline:	1,978 / 1,115
S&P Smallcap:	837.50 (1.15%)	NYSE New Highs/New Lows:	379 / 92
NASDAQ Comp:	6,210.19 (2.10%)	AAII Bulls/Bears:	32.9% / 30.0%
Russell 2000:	1,382.24 (1.11%)		

Equities maintain their upward advance with the S&P 500 Index returning 8.81% YTD. Last week, the index claimed a new all-time closing high of 2,415.82 and returned 1.47%. While most sectors were in positive territory, the energy sector struggled and declined 2.14%. Crude oil declined on Thursday as investors were hopeful for deeper production cuts to come out of OPEC's meeting in Vienna, but OPEC deemed that unnecessary and agreed to extend their current cuts for nine additional months. Crude oil retreated 1.05% for the week, declining \$0.53 and closing at \$49.80 per barrel. The Federal Open Market Committee meeting minutes for the month of May were released citing continued strength in the labor market, but real GDP growth slowed in the first quarter. Investor's expectations of a rate increase in June remain high. The University of Michigan Consumer Sentiment Index showed a good report for May and has continued to remain at a high level since the November election. US initial jobless claims of 234K were lower than the consensus estimate of 238K, but higher than the previous week's 232K. **Best Buy Company Inc.**, an appliance and consumer electronics retailer, showed the best performance for the week in the S&P 500 Index. The stock jumped 21.48% on Thursday after announcing a 40% earnings surprise for the first quarter. The company attributed the earnings jump to increased revenue in gaming, consumer electronics, high margin appliances and online sales. **Intuit Inc.**, a business and financial management software solutions developer, climbed 10.51% last week. The company reported third quarter results after the close on Wednesday with both revenue and earnings beating expectations. **Micron Technology Inc.**, a memory and semiconductor components manufacturer continued its rally returning 6.97% last week. The stock is up 149% in the last twelve months as increased demand and tighter supply of memory chips has benefited the company. This week will bring earnings news from **Hewlett Packard Enterprise Company**, **Analog Devices Inc.**, **Dollar General Corp.**, **Palo Alto Networks Inc.** and others.