

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.88 (+09 bps)	GNMA (30 Yr) 6% Coupon:	112-24/32 (2.10%)
6 Mo. T-Bill:	1.00 (+04 bps)	Duration:	4.18 years
1 Yr. T-Bill:	1.09 (+04 bps)	Bond Buyer 40 Yield:	4.21 (unch.)
2 Yr. T-Note:	1.31 (+05 bps)	Crude Oil Futures:	46.22 (-3.11)
3 Yr. T-Note:	1.51 (+06 bps)	Gold Spot:	1,228.01 (-40.27)
5 Yr. T-Note:	1.88 (+07 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.35 (+07 bps)	U.S. High Yield:	6.13% (+12 bps)
30 Yr. T-Bond:	2.98 (+03 bps)	BB:	4.70% (+10 bps)
		B:	6.21% (+16 bps)

Treasuries fell during a busy week highlighted by the Federal Open Market Committee meeting and the April jobs report. On Wednesday, the FOMC decided to keep its target range for the federal funds rate unchanged, which was widely expected. However, the FOMC's comments reaffirmed that it would likely raise rates in June. Treasuries fell following the meeting as investors sold bonds in anticipation of higher rates. Following the selloff on Wednesday and Thursday, Treasuries steadied on Friday as a stronger-than-expected April jobs report further pointed to a Fed rate hike in June. Specifically, the Labor Department said that total nonfarm payroll employment increased by 211,000 jobs in April. Also, the unemployment rate dropped to 4.4%, a rate that has not been seen since May 2007. Despite the strong jobs numbers, average hourly earnings grew 2.5% compared to last year, which was the smallest gain since August 2016. However, a tight labor market could lead to higher wage inflation. Going forward, bond investors will likely watch for changes in fiscal policy and its effect on growth and inflation. A tax cut would likely lead to higher inflation and tighter monetary policy. The results of the French presidential election will also be watched by bond investors. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Tuesday: March Wholesale Inventories (-0.1%, -0.1%); Wednesday: May MBA Mortgage Applications (flat, -0.1%); Thursday: May Initial Jobless Claims (245K, 238K), April PPI Final Demand (0.2%, -0.1%); Friday: April CPI (0.2%, -0.3%), May University of Michigan Sentiment (97M, 97M), April Retail Sales Advance (0.6%, -0.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,006.94 (0.33%)	Strong Sectors:	Information Technology, Financials, Industrials
S&P 500:	2,399.29 (0.66%)	Weak Sectors:	Telecommunication Services, Energy, Consumer Staples
S&P Midcap:	1,738.52 (0.35%)	NYSE Advance/Decline:	1,548 / 1,535
S&P Smallcap:	848.96 (-0.26%)	NYSE New Highs/New Lows:	427 / 137
NASDAQ Comp:	6,100.76 (0.90%)	AAll Bulls/Bears:	38.1% / 29.9%
Russell 2000:	1,397.05 (-0.22%)		

Equities continued their upward trend in May showing a 0.66% return in the S&P 500 Index for the month's first week of trading. Information technology and the financials sectors led the advance, while telecommunication services and energy sectors created a drag on the index. The index returned 7.16% for the first four months of 2017, the best first four months performance since 2013. Last week, the Federal Open Market Committee decided to leave interest rates unchanged, increasing investors' expectations of a rate increase in June. Crude oil retreated 6.30% for the week, declining \$3.11 and closing at \$46.22 per barrel, as gasoline inventories rose for the third straight week. The U.S. House of Representatives passed the revised GOP health care bill on Thursday as equities markets closed flat for the day after trending lower in early trading. In employment news, 177,000 jobs were added in the month of April according to ADP nonfarm payroll data and a gain of 211,000 nonfarm payrolls were reported by the US Bureau of Labor Statistics. Payrolls increased more than expected while the US unemployment rate hit 4.4%, the lowest rate since May 2007. The US initial jobless claims of 238K were lower than the consensus estimate of 248K and the previous week's 257K. **Delphi Automotive PLC**, a vehicle components manufacturer, jumped 10.91% on Wednesday after announcing increased earnings and sales for the first quarter. **Regeneron Pharmaceuticals Inc.**, a biopharmaceutical company that develops drugs for cancer and other diseases and disorders, jumped 6.70% after reporting better than expected sales in the first quarter with their earnings release on Thursday. The stock showed the best performance for the week in the S&P 500 Index with a 10.43% return. **Willis Towers Watson PLC**, an insurance broker, increased 6.22% on Thursday. Higher than expected earnings gave the company a lift for the day. This week will bring earnings news from **The Walt Disney Company**, **The Priceline Group Inc.**, **Allergan PLC** and others.