

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.708 (0.8 bps)	GNMA (30 Yr) 6% Coupon:	109-01/32 (3.39%)
6 Mo. T-Bill:	1.893 (-2.1 bps)	Duration:	4.28 years
1 Yr. T-Bill:	2.045 (-3.7 bps)	Bond Buyer 40 Yield:	3.99 (1 bps)
2 Yr. T-Note:	2.266 (unch.)	Crude Oil Futures:	62.06 (-2.88)
3 Yr. T-Note:	2.400 (1.7 bps)	Gold Spot:	1,333.03 (7.55)
5 Yr. T-Note:	2.586 (2.4 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.773 (3.5 bps)	U.S. High Yield:	6.51 (-11 bps)
30 Yr. T-Bond:	3.018 (4.5 bps)	BB:	5.21 (-6 bps)
		B:	6.74 (8 bps)

Treasury prices extended their rally over the past week pushing the yield on the 10-yr U.S. Treasury note below 2.75% on Friday. Treasury yields across the board continued to fall as global markets reacted to the continued threat of a trade war between the United States and China and a weaker than expected jobs report in the United States. President Donald Trump and policymakers from the Chinese government continued their banter over tariff propositions last week. China responded to the United States' tariff announcement by declaring \$50 billion of its own tariffs on U.S. exports, targeting aircraft and agricultural products. The President threatened an additional \$100 billion in tariffs on Chinese imports in response. The White House justified additional penalties by citing alleged violations of U.S. intellectual property laws; Beijing vehemently denied those claims. Nonfarm payrolls rose 103,000 in March, lagging the consensus expected 185,000. Despite the weaker jobs number, the tendency in recent years has been for March payrolls to come in below consensus expectations. Additionally, the weaker jobs number is coming off the back of an unusually strong uptick in February. Other major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: March PPI Final Demand MoM (0.1%, 0.2%); February Final Wholesale Inventories MoM (0.6%, 1.1%); Wednesday: April 6 MBA Mortgage Applications (N/A, -3.3%); March CPI MoM (0.0%, 0.2%); Thursday: April 7 Initial Jobless Claims (230k, 242k); Friday: April Preliminary U. of Mich. Sentiment (100.6, 101.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	23,932.76 (-0.67%)	Strong Sectors:	Energy, Utilities
S&P 500:	2,604.47 (-1.35%)		Telecom
S&P Midcap:	1,854.08 (-1.31%)	Weak Sectors:	Financials, Health Care,
S&P Smallcap:	934.29 (-0.42%)		Industrials
NASDAQ Comp:	6,992.67 (-2.07%)	NYSE Advance/Decline:	1,278 / 1,790
Russell 2000:	1,510.08 (-1.04%)	NYSE New Highs/New Lows:	85 / 259
		AAII Bulls/Bears:	31.9% / 36.6%

The S&P 500 returned -1.35% last week, down for the third time in the last four weeks. Much of the negative performance can be attributed to intensified tariff concerns. China continued to respond to President Trump's protectionist policies with tariffs of their own. On Wednesday, China expanded their proposed tariffs to be levied on products from the U.S. China's equity markets were closed Thursday and Friday for a national holiday so the final drag on their markets remains to be seen. U.S. equity markets ended Thursday positive, after the White House doused trade war fears. However, on Friday President Trump threatened tariffs on \$100b more Chinese products which forced equities lower. Overall, this talk has increased the threat of a trade war and caused volatility to spike, particularly in the riskier portions of equity markets. One such industry is semiconductors, which fell 4.8% last week as measured by the Philadelphia Stock Exchange Semiconductor Index. As odds of a trade war continue to grow, semiconductors, with significant Chinese manufacturing capacity, would likely be an industry highly affected. Turning to stock specific news, **INCYTE Corp.**, a large cap biotech firm, was the worst performing stock in the S&P 500 index after returning -23% for the week. The company announced their Phase III melanoma drug failed to show a statistically significant improvement in patient progression-free survival rates. Although no formal deal has been announced, it has been reported that **CBS Corp.** has made a bid for content developer **Viacom Inc.** These two companies are very familiar with each other given that CBS spun off Viacom back in 2006 and Sumner Redstone still owns significant portions of both companies. Looking ahead to next week, quarterly earnings announcements are expected to start trickling in. The three U.S. mega-cap banks, **Citigroup Inc.**, **Wells Fargo & Co.** and **JPMorgan Chase & Co.** are all expected to report quarterly results. Overall, we remain constructive on U.S. equities as GDP and job data, along with corporate earnings remain strong. While equities contain risks, over the long run those who buy and hold tend to be rewarded for owning them.

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