

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	-0.003 (-0.8 bps)	GNMA (30 Yr) 6% Coupon:	111-08/32 (2.70%)
6 Mo. T-Bill:	0.008 (-1.8 bps)	Duration:	3.87 years
1 Yr. T-Bill:	0.035 (-0.5 bps)	Bond Buyer 40 Yield:	3.44 (-1 bp)
2 Yr. T-Note:	0.153 (0.6 bps)	Crude Oil Futures:	63.58 (-1.79)
3 Yr. T-Note:	0.327 (0.1 bps)	Gold Spot:	1,881.25 (37.82)
5 Yr. T-Note:	0.821 (0.8 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.622 (-0.7 bps)	U.S. High Yield:	4.81 (unch.)
30 Yr. T-Bond:	2.318 (-2.2 bps)	BB:	3.85 (-01 bps)
		B:	5.22 (-01 bps)

The minutes of the Federal Open Market Committee, dated April 27-28, 2021, were released last Wednesday and they noted that expectations for policy outlook were relatively unchanged. The model survey path continued to imply that the target range would increase to just above 2 percent into 2026. No changes for expected asset purchases were noted. The committee noted that reserve balances have risen to a record \$3.9 trillion. The economic outlook was favorable with the FOMC seeing real GDP growth projected to post a substantial rise this year and unemployment decline; but they expect GDP growth to step down in 2022 and 2023. They expect monetary policy to remain highly accommodative and real GDP growth to say above trend with unemployment falling to historically low levels. Both of last week's housing reports registered declines. Tuesday's housing starts data showed a 9.5% fall for April, well short of expectations. Single-family starts were responsible for all of the decline and supply chain restrictions, lumber costs and labor shortages, were called out as cause. Thursday's existing home sales data wasn't much better as it declined 2.7% in April also from single-family homes. Median prices, however, continued to rise and were up 19.1% versus the year before. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: April New Home Sales (950K, 1021K) and May Conference Board Consumer Confidence (118.9, 121.7); Wednesday: May 21 MBA Mortgage Applications (N/A, 1.2%); Thursday: May 15 Initial Jobless Claims (460k, 473k); Thursday: 1Q S QoQ GDP Annualized (6.5%, 6.4%) and May 22 Initial Jobless Claims (425K, 444K); Friday: April preliminary Wholesale Inventories MoM (1.1%, 1.3%), April Personal Income (-14.8%, 21.1%) and April Personal Spending (0.5%, 4.2%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,207.84 (-0.43%)	Strong Sectors:	Real Estate, Health Care, Utilities
S&P 500:	4,155.86 (-0.39%)	Weak Sectors:	Energy, Industrials, Materials
S&P Midcap:	2,689.84 (-1.16%)	NYSE Advance/Decline:	1,096 / 1,596
S&P Smallcap:	1,343.46 (-0.82%)	NYSE New Highs/New Lows:	427 / 118
NASDAQ Comp:	13,470.99 (0.33%)	AAII Bulls/Bears:	37.0% / 26.3%
Russell 2000:	2,215.27 (-0.41%)		

Stocks trended down early last week before recovering on Wednesday only to fade into the weekend. The S&P 500 index traded lower by -0.39% while the Tech heavy NASDAQ 100 eked out a slight gain of 0.17%, ending a four-week losing streak. Volatility in the high-risk cryptocurrency markets coupled with continuing inflation concern had investors looking for guidance. On Friday, Philadelphia Fed President Patrick Harker offered his take on current Fed policy and offered his opinion that the central bank should discuss tapering bond-buying "sooner rather than later". His comment came after the release of the April Fed minutes on Wednesday, mirroring the sentiment of other officials on the FOMC. President Joe Biden got behind the wheel of the new **Ford Motor Co.** electric truck. The highly anticipated vehicle was met with investor optimism when the stock jumped over 10% over two days, closing out the week with over a 12% gain. The extra boost came from the announcement of a battery manufacturing partnership with South Korea based SK Innovation to jointly build electric-vehicle batteries at two domestic factories. **Enphase Energy** got a lift from President Biden's clean energy plan last week. The stock had sold off after delivering quarterly earnings last month but rebounded to post the best return in the S&P 500 for the week. Looking ahead to next week, housing will be in focus as new home sales and mortgage applications are set to be released, followed by GDP and jobs numbers later in the week.

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