

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.028 (0.8 bps)	GNMA (30 Yr) 6% Coupon:	111-01 ^{3/4} /32 (2.76%)
6 Mo. T-Bill:	0.048 (1.3 bps)	Duration:	3.88 years
1 Yr. T-Bill:	0.076 (3.0 bps)	Bond Buyer 40 Yield:	3.41 (2 bps)
2 Yr. T-Note:	0.254 (10.7 bps)	Crude Oil Futures:	71.64 (0.73)
3 Yr. T-Note:	0.469 (16.2 bps)	Gold Spot:	1,764.16 (-113.37)
5 Yr. T-Note:	0.875 (13.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.438 (-1.4 bps)	U.S. High Yield:	4.67 (2 bps)
30 Yr. T-Bond:	2.013 (-12.5 bps)	BB:	3.72 (2 bps)
		B:	5.14 (2 bps)

The Federal Reserve was once again in focus last week and they held rates at 0%, as expected. Interestingly, the “dot plots” showed officials expected two rate increases by the end of 2023. The Fed increased its expectations for inflation, and 13 of 18 officials favored at least one rate increase by the end of 2023, and 11 of 18 forecasted 2 hikes. However, regarding asset purchases, the Fed noted that they continue to expect asset purchases to be held at a \$120 billion monthly rate until “substantial further progress” had been achieved with regard to inflation and employment. General expectations by the market are that tapering occurs in advance of rate increases, but the Chairman, Mr. Powell, noted that no indications of when to expect tapering were to be provided currently. Last Tuesday was a firecracker of economic data as Industrial Production was seen increasing 0.8% in May, The Producer Price Index increased 0.8% in May, but Retail Sales were found declining 1.3% for the prior month. Last Wednesday’s housing starts underwhelmed relative to consensus but showed an increase of 3.6% in May. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: May Existing Home Sales (5.71M, 5.85M); Wednesday: June 18 MBA Mortgage Applications (N/A, 4.2%), June preliminary Market US Manufacturing PMI (61.5, 62.1), May New Home Sales (870K, 863K); Thursday: June 19 Initial Jobless Claims (380K, 412K), May preliminary Wholesale Inventories (0.8%, unch.) May preliminary Durable Goods Orders (3.0%, -1.3%), GDP Annualized QoQ 1Q (6.4%, unch.), May Personal Income (-2.6%, -13.1%) and Personal Spending (0.4%, 0.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,290.08 (-3.40%)	Strong Sectors:	Information Technology,
S&P 500:	4,166.45 (-1.87%)		Cons Disc, Health Care
S&P Midcap:	2,611.94 (-5.05%)	Weak Sectors:	Materials, Financials,
S&P Smallcap:	1,330.67 (-4.67%)		Energy
NASDAQ Comp:	14,030.38 (-0.26%)	NYSE Advance/Decline:	853 / 2,634
Russell 2000:	2,237.75 (-4.17%)	NYSE New Highs/New Lows:	520 / 65
		AAll Bulls/Bears:	41.1% / 26.2%

The S&P 500 Index turned in its worst week since the end of February, declining 1.48% last week. The index had a positive day on Monday hitting an all-time closing high of 4,255.15, but reversed course and declined the remainder of the week. The downward pressure came last week as the Federal Reserve appeared to be turning hawkish. Wednesday’s Federal Open Market Committee meeting revealed that some members see a minimum of two rate hikes by the end of 2023, though Federal Reserve Chair Jerome Powell stated during his press conference that the tapering would be “orderly, methodical, and transparent” and advanced notice would be given for expectations’ adjustments. Pressure on equities continued with Friday producing the worst day of the week with the index declining 1.31% as St. Louis Fed President Bullard added hawkish comments related to discussions of reducing the rate of bond-buying. U.S. initial jobless claims of 412K were much higher than the expected 360K and the previous week’s claims of 376K. Materials, financials, and energy felt the brunt of the pain last week, though all sectors were in negative territory except for information technology which managed positive performance by +10 basis points. Crude oil advanced 1.03% last week, closing at \$71.64 per barrel. **Enphase Energy Inc.**, a solar power solutions manufacturer, was the best performing stock in the S&P 500 Index last week returning 12.72%, contributing to the top performing information technology sector. **Generac Holdings Inc.**, a leading generator manufacturer, also turned in positive double-digit performance returning 10.66%. Strain on power systems caused by a heatwave spreading across a portion of the country may have kindled investors’ interest in the generator company as some utility companies have warned to expect power outages. Materials stocks **Freeport-McMoRan Inc.**, **The Mosaic Company**, and **Nucor Corp**, were the three worst performing stocks in the index, returning -14.42%, -13.50%, and -12.73% respectively. Some earnings announcements expected this week include **Nike Inc.**, **FedEx Corp**, **Carnival Corp**, **CarMax Inc.**, **Darden Restaurants Inc.**, and others.

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