US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.942 (13.0 bps)	Bond Buyer 40 Yield:	4.56 (14 bps)
6 Mo. T-Bill:	1.416 (10.5 bps)	Crude Oil Futures:	110.49 (0.72)
1 Yr. T-Bill:	1.872 (-9.9 bps)	Gold Spot:	1,811.79 (-72.02)
2 Yr. T-Note:	2.578 (-15.3 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	2.775 (-18.3 bps)	U.S. High Yield:	7.65 (28 bps)
5 Yr. T-Note:	2.866 (-21.2 bps)	BB:	6.25 (13 bps)
10 Yr. T-Note:	2.919 (-20.8 bps)	B:	8.10 (40 bps)
30 Yr. T-Bond:	3.079 (-14.7 bps)		

Federal Reserve Chairman Jerome Powell has had a tumultuous first term as the Board first faced Pandemic influenced economic conditions and now historically high rates of inflation. On Thursday of last week, he received a welcome bit of good news as he was confirmed 80-19 by Senate vote to another term as Chairman for the Federal Reserve. President Biden praised the vote declaring that “tackling inflation” is his “top domestic priority” and noting that the Federal Reserve has a primary role in managing inflation. During last week the yield curve was seen flattening with the 10-year unable to hold above a 3% yield but the short end of the curve continuing to experience rising yields. High uncertainty regarding the rate of inflation made the prior week’s CPI and PPI economic reports of particular interest for financial markets. The news was not favorable. The CPI registered an increase of 8.3% from the prior year period with “core” prices, those which exclude food and energy, rising 0.6%. The report was lower than March’s 8.5% reading, but still came in ahead of consensus and showing no indication of inflation being transitory. On Thursday, the PPI reading was reported rising 0.5% in April with pricing rising 11% versus the prior year. Markets responded negatively, as high employment and high inflation leaves the Federal Reserve with plenty of reason to continue raising rates. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: May Empire Manufacturing (15, 24.6); Tuesday: April Retail Sales Advance (1.0%, 0.5%) and April Industrial Production (0.4%, 0.9%); Wednesday: May 13 MBA Mortgage Applications (n/a, 2.0%), April Housing Starts (1.76M, 1.793M); Thursday: May 14 Initial Jobless Claims (200K, 203K), April Existing Home Sales (5.62M, 5.77M) and April Leading Index (0.0%, 0.3%)

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	32,196.66 (-2.08%)	Strong Sectors:	Cons. Staples, Comm. Services
S&P 500:	4,023.89 (-2.36%)		Health Care
S&P Midcap:	2,430.83 (-1.97%)	Weak Sectors:	Info Tech, Financials
S&P Smallcap:	1,189.33 (-1.56%)		Real Estate
NASDAQ Comp:	11,805.00 (-2.77%)	NYSE Advance/Decline:	1,005/2,297
Russell 2000:	1,792.67 (-2.5%)	NYSE New Highs/New Lows:	28/616
		AAII Bulls/Bears:	24.3%/49%

The S&P 500 Index declined nearly 2.5% for the week although a strong Friday session helped mitigate the pain. Growth stocks continued to pull the market down as inflation and the Fed’s anticipated response are at the top of investor’s minds. Growth has underperformed value by over 17% year to date in one of the greatest selloffs in high-valuation stocks since the Dot-Com Crisis. The tech-heavy Nasdaq 100 Index came close to eclipsing its maximum drawdown experienced during the Covid-19 pandemic on Thursday. Compared to the current selloff, growth stocks have only experienced equivalent drawdowns three times in the previous three decades; the Dot Com Bubble, the Global Financial Crisis of 2008, and the Covid-19 pandemic. The most significant economic report of the week was the April CPI number which surprised to the upside but showed a slight decrease in inflation from the previous month. After many economists were confident that inflation had peaked in March, the relatively close April number spooked investors with the possibility that inflation could continue to run higher. On Thursday, Jerome Powell was reaffirmed by the Senate for a second four-year term. In his prepared remarks, Powell encouraged Americans that the process of taming inflation down to 2% will require more pain to come but will ultimately be less severe than if no action were taken. The worst performing stock in the S&P 500 was Twitter (**TWTR**, -18.2%) as the stock plunged on Friday due to a tweet from Elon Musk that he would put the acquisition on hold, citing information found during the due diligence process that could potentially give him the opportunity to renegotiate or break the agreement. The best performing stock in the S&P 500 was Viatris (**VTRS**, +11.4%) which announced moderate results and benefitted from outperformance from the value-oriented side of Health Care during the week. Retail earnings are on deck in the upcoming week as investors will hear quarterly results from Ross Stores, TJX Companies, Walmart, Target, Home Depot, and Lowe’s.