

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.631 (6.6 bps)	Bond Buyer 40 Yield:	4.57 (-12 bps)
6 Mo. T-Bill:	2.439 (24.1 bps)	Crude Oil Futures:	107.62 (-1.94)
1 Yr. T-Bill:	2.748 (-5.7 bps)	Gold Spot:	1,826.88 (-12.51)
2 Yr. T-Note:	3.063 (-11.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.147 (-20.2 bps)	US High Yield:	8.45 (845 bps)
5 Yr. T-Note:	3.186 (-15.6 bps)	BB:	6.86 (686 bps)
10 Yr. T-Note:	3.130 (-9.6 bps)	B:	8.97 (897 bps)
30 Yr. T-Bond:	3.260 (-1.9 bps)		

Yields fell across the curve during last week's holiday shortened week. Poor economic data and hawkish comments from Federal Reserve officials perpetuated recession fears leading many to believe the current rate hiking cycle will be shorter-lived than previously thought. On Thursday, PMI manufacturing came in at 52.4 vs 56.0 expected, and new orders tumbled from 54.4 to 47.7 – the first-time new orders fell below 50 since July 2020. June Michigan Consumer Sentiment posted a level of 50.0 which was slightly lower than expected and a new record low. Oil fell nearly 2% and is off almost 12% from recent highs. Fed Chair Jerome Powell called his commitment to curbing inflation “unconditional” during his semiannual congressional testimony. He also explained the quick pace of rate hikes could tip the economy into a recession and that accomplishing a soft landing would be “very challenging.” While the Fed's insistence on curbing inflation sent short-term 6-month yields higher, recession fears stoked by poor economic data sent 1-year and out yields lower as investors priced in a shallower pace of rate hikes in late 2022 and 2023. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: May Preliminary Durable Goods Orders (0.1%, 0.5%); Tuesday: June Conference Board Consumer Confidence (100.6, 106.4); Wednesday: June 24 MBA Mortgage Applications (n/a, 4.2%), 1st Quarter GDP Annualized QoQ (-1.4%, -1.5%); Thursday: May Personal Income (0.5%, 0.4%), May Personal Spending (0.5%, 0.9%), June 25 Initial Jobless Claims (n/a, 229k), June MNI Chicago PMI (58.8, 60.3); Friday: June Final S&P Global US Manufacturing PMI (n/a, 52.4), June ISM Manufacturing (55.0, 56.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	31,500.68 (5.39%)	Strong Sectors:	Consumer Discretionary,
S&P 500:	3,911.74 (6.46%)		Health Care, Real Estate
S&P Midcap:	2,334.40 (5.13%)	Weak Sectors:	Energy, Materials,
S&P Smallcap:	1,152.32 (5.24%)		Industrials
NASDAQ Comp:	11,607.62 (7.51%)	NYSE Advance/Decline:	2,646 / 847
Russell 2000:	1,765.74 (6.02%)	NYSE New Highs/New Lows:	38 / 560
		AAll Bulls/Bears:	18.2% / 59.3%

The S&P 500 Index returned 6.46% last week. The rally in equities shifted the direction of the index which had fallen three straight weeks. Markets were closed on Monday in observation of Juneteenth. Stocks climbed on Tuesday as investors sought to add positions following the previous week's decline which was the indexes' worst week in 2022. Recession fears increased on Wednesday as Federal Reserve Chairman Powell spoke before the Senate Banking Committee reiterating their intention of bringing inflation under control, but potentially causing damage to the economy as a soft landing could be difficult. Equities rallied further on Friday with the S&P 500 Index gaining 3.06%. The index is currently down 17.31% for the year and down 5.22% in the month of June. The index showed most sectors in positive territory with energy being the only sector to post a negative return last week with a decline of 1.55%. Consumer discretionary sector led the way up which included the best performing stock in the index last week, **Penn National Gaming Inc.** with a 17.23% return. Other stocks from the hotel, restaurants and leisure industry included **Norwegian Cruise Line Holdings Ltd.**, **Carnival Corp**, **Caesars Entertainment Inc.**, and **Royal Caribbean Cruises Ltd.**, which all posted double digit returns. Other top performing consumer discretionary names included **Etsy Inc.**, **Tesla Inc.**, **CarMax Inc.**, **Aptiv PLC**, and home builders **D.R. Horton Inc.**, **PulteGroup Inc.**, and **Lennar Corp**, to name a few. Crude oil closed at \$107.62 per barrel on Friday, declining 1.77% for the week. Some of the worst performing energy names included **Marathon Oil Corp**, **Valero Energy Corp**, **Devon Energy Corp**, **APA Corp**, **Phillips 66**, and **Baker Hughes Company**, all declining more than 5.00%. Health care company **DaVita Inc.** was the worst performing stock in the S&P 500 Index last week, returning -13.39%. The stock dropped on Tuesday on news the U.S. Supreme Court ruled against the company over a dialysis coverage suit with an Ohio hospital. Earnings announcements expected this week include **Nike Inc.**, **Micron Technology Inc.**, **Constellation Brands Inc.**, **Paychex Inc.**, **General Mills Inc.**, **Walgreens Boots Alliance Inc.**, and **McCormick & Company Inc.**

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