

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.235 (-11.6 bps)	Bond Buyer 40 Yield:	4.49 (1 bps)
6 Mo. T-Bill:	5.349 (-9.2 bps)	Crude Oil Futures:	70.17 (-1.57)
1 Yr. T-Bill:	5.183 (-4.2 bps)	Gold Spot:	1,961.19 (+13.22)
2 Yr. T-Note:	4.596 (9.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.241 (10.1 bps)	US High Yield:	8.65 (-3 bps)
5 Yr. T-Note:	3.913 (6.9 bps)	BB:	7.10 (3 bps)
10 Yr. T-Note:	3.739 (4.9 bps)	B:	8.89 (-5 bps)
30 Yr. T-Bond:	3.880 (-0.7 bps)		

Economic data released last week showed the ISM Services Index handily missed expectations in May but remained in expansion territory, albeit at a slower pace. The slowdown was partly due to sluggish demand for service providers. Initial jobless claims for the week ending June 3 spiked to the highest level since October 2021, topping expectations. The increase was the largest in nearly two years. However, the volatility may be somewhat attributable to the Memorial Day holiday. This week, the Fed meets on Tuesday and Wednesday and is expected to pause its rate-hike campaign. The market has scaled back its expectations of interest rate cuts this year in recent weeks as the process of inflation returning to the Fed's 2% target plays out more slowly than the market anticipated. The latest reading of the Consumer Price Index will be released on Tuesday, the day before the Fed's decision on Wednesday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: May CPI MoM (0.2%, 0.4%), May CPI YoY (4.1%, 4.9%); Wednesday: June 14 FOMC Rate Decision – Upper Bound (5.25%, 5.25%), June 9 MBA Mortgage Applications (N/A, -1.4%), May PPI Final Demand MoM (-0.1%, 0.2%); Thursday: June 10 Initial Jobless Claims (250k, 261k), May Retail Sales Advance MoM (-0.1%, 0.4%), May Industrial Production MoM (0.1%, 0.5%), June Empire Manufacturing (-15.1, -31.8); Friday: June Preliminary U. of Mich. Sentiment (60.0, 59.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,876.78 (0.36%)	Strong Sectors:	Cons. Discretionary, Utilities
S&P 500:	4,298.86 (0.41%)		Energy
S&P Midcap:	2,542.37 (1.50%)	Weak Sectors:	Comm. Services, Cons. Staples
S&P Smallcap:	1,201.43 (1.68%)		Info Tech
NASDAQ Comp:	13,259.14 (0.15%)	NYSE Advance/Decline:	2,547 / 452
Russell 2000:	1,865.71 (1.92%)	NYSE New Highs/New Lows:	88 / 15
		AAll Bulls/Bears:	45.5% / 24.3%

Stocks powered through the tail end of last week keeping performance just barely in the green with the S&P 500 finishing practically flat at +41 basis points. Although last week's return was underwhelming the S&P 500 did hit a milestone with the index gaining 20.04% from its October low on Thursday marking the beginning of a new bull market. While the Bulls and Bears of Wall Street clash on expectations of how long the bull market will last, they do agree on one thing. The Federal Reserve's rate decision this week will play an important role in the momentum of equities. The swap market is currently pricing in a roughly one-third chance of a hike this week, but investors remain cautious after the central banks of Canada and Australia unexpectedly raised rates last week. The Consumer Discretionary sector was the best performer last week led by auto manufacturers **Tesla**, **Ford**, and **General Motors**. The performance was primarily driven by the news that the two legacy manufacturers will be partnering with Tesla, adopting the firm's charging ports and gaining access to its vast network of superchargers further solidifying Tesla's position as the industry standard for charging capabilities. The Information Technology sector was the worst performer last week as investors took a step back to contemplate the sustainability of the sector's performance, even with the slight drag last week the sector is up almost 36% year to date as artificial intelligence expectations drive performance. Additionally in the IT space, **Apple** held its annual Worldwide Developers Conference last week where CEO Tim Cook unveiled the firm's newest innovation Apple Vision Pro, marking the first major new product release since the Apple Watch was unveiled in 2014. The product has received mixed reviews thus far both in the market and among consumers, while Apple projects the product will eventually grow to be as significant as the iPad or Apple Watch it may take some time for the revolutionary product to gain popularity especially with a steep \$3,499 price tag. Upcoming this week investors will get fresh CPI and PPI data just before the Fed's rate decision on Wednesday. While markets have priced in a rate pause is more likely than not investors will still be critical of the Fed's actions as this paramount juncture marks the point at which the central bank must clearly signal its new message to why a pause is appropriate given prevailing growth and inflation trends. Additionally, this week a few names in the S&P 500 release earnings notably **Oracle**, **Adobe**, and **Kroger**.

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