

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.372 (-0.5 bps)	Bond Buyer 40 Yield:	4.47 (4 bps)
6 Mo. T-Bill:	5.366 (2.7 bps)	Crude Oil Futures:	83.14 (-2.52)
1 Yr. T-Bill:	5.158 (3.0 bps)	Gold Spot:	2,391.93 (47.56)
2 Yr. T-Note:	4.986 (8.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.821 (9.0 bps)	US High Yield:	8.39 (15 bps)
5 Yr. T-Note:	4.670 (11.2 bps)	BB:	7.01 (11 bps)
10 Yr. T-Note:	4.621 (9.9 bps)	B:	8.40 (15 bps)
30 Yr. T-Bond:	4.711 (8.1 bps)		

Treasury Yields rose moderately across all maturity levels last week on geopolitical turmoil in the Middle East and comments from Fed officials, both of which led to a reduction in the market expectations for interest rate cuts from the Federal Reserve Bank this year. Investors began the week seeking the perceived safety of Treasuries after tensions in the Middle East rose to the point of conflict over the previous weekend when Iran launched a mostly ineffective missile strike on Israel. These tensions continued on Thursday into Friday as Israel responded with limited air attacks on military targets in Iran. Adding to the hawkish speculation on interest rates were several comments made by Fed officials throughout the week. Fed President Jerome Powell implied that it may take longer than initially expected to have confidence inflation is under control and Fed Vice Chair Philip Jefferson said that the Fed's task to restore 2% inflation is not done yet. New York Fed President John Williams said that increasing interest rates would be possible if warranted, while Atlanta Fed President Raphael Bostic does not believe it will be appropriate to ease monetary policy until the end of the year. The market implied probability of an interest rate cut during the June 12th meeting dropped from 26% at the beginning of the week to 16% by the end of the week. The market implied Federal Funds Rate at the end of 2024 rose from 4.86 to start the week to 4.94 to end the week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: April Prelim. S&P Global US Manufacturing PMI (52.0, 51.9), March New Home Sales (670k, 662k); Wednesday: April 19 MBA Mortgage Applications (n/a, 3.3%), March Prelim. Durable Goods Orders (2.5%, 1.3%); Thursday: 1st Quarter Advanced GDP Annualized QoQ (2.5%, 3.4%), April 20 Initial Jobless Claims (215k, 212k); Friday: March Personal Income (0.5%, 0.3%), March Personal Spending (0.6%, 0.8%), April Final U. of Mich. Sentiment (77.9, 77.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow [®] :	37,986.40 (0.05%)	Strong [®] Sectors:	Utilities, Consumer Staples, Financials
S&P 500 [®] :	4,967.23 (-3.04%)	Weak Sectors:	Information Technology, Cons Discretionary, Real Estate
S&P MidCap 400 [®] :	2,836.88 (-2.16%)	NYSE Advance/Decline:	904 / 2,001
S&P SmallCap 600 [®] :	1,253.80 (-1.26%)	NYSE New Highs/New Lows:	45 / 173
Nasdaq Composite [®] :	15,282.01 (-5.52%)	AAll Bulls/Bears:	38.3% / 34.0%
Russell 2000 [®] :	1,947.66 (-2.76%)		

The S&P 500 Index returned -3.04% last week, posting the largest one-week loss since March 2023. The index declined each of the five trading days last week, breaking through the 5,000 point-level to close Friday at 4,967.23. While the S&P 500 Index booked a 10.56% gain for the first quarter of 2024, the second quarter is off to a rocky start with a 5.40% decline thus far in April. Investors' expectations that the Federal Reserve interest rate hikes were over, and that the Fed would begin cutting rates at some point in 2024, helped push stocks higher during the first quarter. However, last week's economic data showed more strength in the economy than expected. Fed Chairman Jerome Powell stated that recent data showed solid growth and continued labor market strength, but there was lack in progress of returning to the 2% inflation target, and that it would likely take longer to achieve it. While rate cuts are still the expected next Fed move, concerns have risen that higher for longer rates may be a reality for some time. U.S. initial jobless claims of 212K last week were lower than the 215K expected. Tech stocks were highly impacted last week as the S&P 500 Information Technology Index declined 7.26%. Technology hardware stock **Super Micro Computer Inc.** was the worst performing stock in the S&P 500 Index declining 20.57%, followed by semiconductor stocks **NVIDIA Corp**, **Micron Technology Inc.**, **Broadcom Inc.**, **Advanced Micro Devices Inc.**, and **Monolithic Power Systems Inc.**, all posting double-digit declines. **United Airlines Holdings Inc.** returned 22.92% last week, posting the best performance in the S&P 500 Index. The stock jumped and analysts increased price targets after the company reported better than expected earnings and strong demand. Earnings announcements expected this week include magnificent seven stocks **Microsoft Corp**, **Alphabet Inc.**, **Meta Platforms Inc.**, **Tesla Inc.**, and other stocks such as **Visa Inc.**, **Exxon Mobil Corp**, **Merck & Company Inc.**, **Chevron Corp**, **PepsiCo Inc.**, **T-Mobile US Inc.**, **Caterpillar Inc.**, **Danaher Corp**, and many more.

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