US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.363 (0.1 bps)	Bond Buyer 40 Yield:	4.48 (10 bps)
6 Mo. T-Bill:	5.322 (0.7 bps)	Crude Oil Futures:	86.91 (3.74)
1 Yr. T-Bill:	5.053 (2.9 bps)	Gold Spot:	2,329.75 (99.88)
2 Yr. T-Note:	4.750 (13.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.562 (15.3 bps)	U.S. High Yield:	8.04 (21 bps)
5 Yr. T-Note:	4.395 (18.2 bps)	BB:	6.69 (18 bps)
10 Yr. T-Note:	4.402 (20.1 bps)	B:	8.06 (11 bps)
30 Yr. T-Bond:	4.553 (21.0 bps)		

Treasury yields rose last week on strong economic data that suggests interest rates may be higher for longer. The job market remained strong in March, with the US economy adding 303,000 jobs last month, which was well ahead of expectations. The unemployment rate fell from 3.9% to 3.8%. Treasury yields rose after the report as the market lowered its expectations that the Fed will cut rates at its June meeting. Earlier last week, Fed Chairman Jerome Powell said he still expects that the Fed will likely cut interest rates this year but reiterated it will wait until it has more confidence that inflation is moving towards its 2% target. Powell also noted that the supply and demand for labor have become more balanced, or less tight, which could alleviate inflation pressure. Friday's jobs report showed the labor force participation rate rose to 62.7%, which beat expectations and has been steadily rising back to pre-COVID levels. Additional economic data released last week showed that manufacturing activity expanded unexpectedly in March for the first time since 2022, which also contributed to the week's rise in yields. The service sector also expanded, but growth cooled for the second month in a row. This week, the March reading of the Consumer Price Index will be released on Wednesday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: March CPI MoM (0.3%, 0.4%), March CPI YoY (3.4%, 3.2%), April 5 MBA Mortgage Applications (N/A, -0.6%); Thursday: April 6 Initial Jobless Claims (215k, 221k), March PPI Final Demand MoM (0.3%, 0.6%); Friday: April Preliminary U. of Mich. Sentiment (79.0, 79.4).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	38,904.04 (-2.23%)	Strong Sectors:	Energy, Comm Services, Materials
S&P 500®	5,204.34 (-0.93%)		
S&P MidCap 400®	2,989.16 (-1.86%)	Weak Sectors:	Health Care, Real Estate, Consumer Staples
S&P SmallCap 600®	1,308.66 (-2.66%)		
Nasdaq Composite®	16,248.52 (-0.79%)	NYSE Advance/Decline:	977 / 1,940
Russell 2000®	2,063.47 (-2.86%)	NYSE New Highs/New Lows:	394 / 68
		AAII Bulls/Bears:	47.3% / 22.2%

Stocks, as measured by the S&P 500, traded lower three of the five days last week, closing down by just over -1% to start off the second quarter. The negatively skewed market saw only two of the 11 sectors posting positive returns for the week. Energy stocks led the S&P 500 with a 3.9% return after oil rallied over $3 to close out the week at just under $87 a barrel. Shares of **Marathon Petroleum** led the sector and had returned close to 50% since the beginning of the year. Refining profitability has remained above historical levels after declining significantly from the records set in 2022. Communication Services, led by Facebook and Instagram parent **Meta Platforms**, and **Netflix** powered the sector higher on Friday after a strong jobs number had megacaps leading the major indexes. Healthcare names in the S&P 500 were the laggards of the index through Friday. Managed care insurers **Humana** and **United Health** dragged the group lower as Medicare Advantage payments from the government will be lower than expected in 2025. This bucks the trend in the payments, which have been higher than the advance rate every year since 2021. The jobs report reinforced the Federal Reserve's tepidness to cut rates too soon. Next week's consumer and producer price releases, followed by the personal consumption expenditures price index, should provide more information on the balance of how inflation is affecting both corporations and consumers. Also set for release next week are the FOMC meeting minutes from the late March meeting. Along with the key inflation measures, earnings season is set to kick off with **JPMorgan**, **Wells Fargo**, and **Citigroup** all set to report next Friday.