US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.385 (-0.8 bps)	Bond Buyer 40 Yield:	4.43 (-9 bps)
6 Mo. T-Bill:	5.365 (-0.9 bps)	Crude Oil Futures:	78.11 (-5.74)
1 Yr. T-Bill:	5.118 (-7.2 bps)	Gold Spot:	2,301.74 (-36.22)
2 Yr. T-Note:	4.816 (-17.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.648 (-18.9 bps)	U.S. High Yield:	8.07 (-16 bps)
5 Yr. T-Note:	4.499 (-18.8 bps)	BB:	6.70 (-20 bps)
10 Yr. T-Note:	4.508 (-15.5 bps)	B:	8.00 (-23 bps)
30 Yr. T-Bond:	4.711 (-11.1 bps)		

Treasury yields fell across the board last week, as Fed Chair Jerome Powell signaled that it is unlikely there will be a rate hike anytime soon. On Wednesday, after a brief one-month stint above 50, ISM Manufacturing Index declined to 49.2 for the month of April, falling below the consensus expected 50.0. US manufacturing sector has now contracted for seventeen out of the last eighteen months. The major measures of activity were mostly lower in April. The new orders index declined to 49.1 from 51.4 in March and the production index fell to 51.3 from 54.6. The employment index rose to 48.6 from 47.4 in March, while the supplier deliveries index declined to 48.9 from 49.9. On Thursday, the trade deficit in goods and services came in at $69.4 billion for the month of March, slightly smaller than the consensus expected $69.8 billion. The total volume of trade fell substantially in March, declining by $10.7 billion for the month. Exports fell by $5.3 billion, led by civilian aircraft, gold, and diamonds. Imports fell by $5.4 billion, led by autos, cellphones, and other household goods. On Friday, Treasury yields fell to the lowest level in three weeks after the change in nonfarm payrolls for April showed the US only created 175k jobs, falling well short of the consensus 240k. This further supports the belief that the Fed is not on track for rate cuts this Summer but could if followed up with a few months of softer inflation readings, put the Fed in position for a potential rate cut this Fall. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: May 3rd MBA Mortgage Applications (N/A, -2.3%), May 4th Wholesale Inventories MoM (-0.4%, -0.4%); Thursday: May 4th Initial Jobless Claims (214k, 208k), April 27th Continuing Claims (1785k, 1774k); Friday: May Preliminary University of Michigan Sentiment (76.2, 77.2), April Monthly Budget Statement (262.5b, 236.5b).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	38, 675.68 (1.14%)	Strong Sectors:	Utilities, Consumer Disc, Real Estate
S&P 500®	5,127.79 (0.56%)		
S&P MidCap 400®	2,929.04 (1.19%)	Weak Sectors:	Energy, Financials, Communication Services
S&P SmallCap 600®	1,301.48 (1.39%)		
Nasdaq Composite®	16,156.33 (1.44%)	NYSE Advance/Decline:	1,949 / 949
Russell 2000®	2,035.72 (1.71%)	NYSE New Highs/New Lows:	225 / 84
		AAII Bulls/Bears:	38.5% / 32.5%

After trading down midweek, the S&P 500 posted a weekly gain of 0.56%. The Fed has been balancing a “higher for longer” inflation story with “softer-than-expected” payroll data to determine the timeline for potential rate cuts. Following the Fed's rate decision, Chair Jerome Powell said it is unlikely the next move would be to raise the Fed Funds rate. Stocks sold off into Wednesday’s decision but rallied on positive earnings releases from Google parent Alphabet, Amazon, and Apple. Despite positive earnings momentum from the big tech companies, stocks are still down over 2% from the end-of-March high. There are plenty of names due to report this month as over 20% of the S&P 500 will release quarterly results. On Wednesday, biotechnology company Bio-Techne released stellar results, propelling the company up over 20% to be the top weekly performer in the S&P 500. On the downside, Energy names in the index traded lower by over -3% as oil prices dropped by -7%. The move in oil comes as a concern of lesser demand due to continually higher interest rates despite ongoing production cuts from OPEC+. A quieter economic calendar is on tap for next week. Data on jobs, consumer credit, and the University of Michigan sentiment survey are all set for release.