

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-10/32 (1.70%)
6 Mo. T-Bill:	0.04 (-01 bps)	Duration:	3.66 years
1 Yr. T-Bill:	0.08 (-02 bps)	30-Year Insured Revs:	157.5% of 30 Yr. T-Bond
2 Yr. T-Note:	0.36 (-02 bps)	Bond Buyer 40 Yield:	4.65 (+09 bps)
3 Yr. T-Note:	0.81 (-06 bps)	Crude Oil Futures:	102.15 (+2.16)
5 Yr. T-Note:	1.55 (-08 bps)	Gold Futures:	1,293.10 (+5.50)
10 Yr. T-Note:	2.52 (-11 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.34 (-12 bps)	U.S. High Yield:	5.96% (-05 bps)
		BB:	4.64% (-04 bps)

Treasury prices rose significantly over the week on poor economic reports and monetary policy signals. Equity markets started out well on Monday as investors looked ahead to the retail sales report and the expectation that good news would cause central banks to possibly raise rates, which sent yields to a two week high. However, on Tuesday, the retail sales report was very disappointing and Treasury prices rebounded. On Wednesday the European Central Bank and the Bank of England both signaled that they would continue to use monetary policies to bolster equity markets, which caused Treasury prices to rise even more than the day before. This rise continued on Thursday as many investors with positions that were short interest rates used the drop in rates as an opportunity to close out these positions. Another reason for Thursday's Treasury rally was the flight to safety from the equity market that dropped significantly as yields hit their lowest level of the year. Treasury prices pulled back moderately on Friday as better than expected housing construction data suggested a rebound in the housing market. Major economic reports (and related consensus forecasts) for the upcoming week include: Wednesday: May 16 MBA Mortgage Applications; Thursday: May 17 Initial Jobless Claims (310,000), May P Markit US Manufacturing PMI (55.5), April Existing Home Sales (4.68M), April Leading Index (0.3%); Friday: April New Home Sales (425,000).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	16491.31 (-0.45%)	Strong Sectors:	Info Tech, Telecom, Health Care
S&P 500:	1877.86 (0.03%)	Weak Sectors:	Financials, Consumer Staples, Energy
S&P MidCap:	1351.87 (-0.11%)	NYSE Advance/Decline:	1,694/1,505
S&P Small Cap:	639.08 (-0.52%)	NYSE New Highs/New Lows:	300/91
NASDAQ Comp:	4090.588 (0.53%)	AAll Bulls/Bears:	33.1%/22.6%
Russell 2000:	1101.843 (-0.44%)		

On Tuesday, the Dow Jones Industrial Average closed at an all-time high of 16,715.40 before shaving 224 points to close the week at 16,491.31. Overall markets were mixed, while small caps fared worse than most. However, last week, saw no shortage of deal news. Yesterday, it was announced that **AT&T** would acquire **DirectTV** for \$48.5 billion. When asked why the telecommunications giant made the acquisition, Randall Stephenson, AT&T CEO said, "The last six years for AT&T have been about data, the future is about delivering video at scale." **Hillshire Brands**, maker of breakfast sausages, announced their intention to acquire **Pinnacle Foods** for \$4.3 billion. Pinnacle is best known as the maker of Vlasic Pickles. **Allergan**, maker of Botox, rejected a hostile bid by **Valeant Pharmaceuticals** for the company. Allergan management said the offer substantially undervalues the company. **Pfizer** made little or no progress in their \$120 billion deal for **AstraZeneca**. Since the deal was announce on April 21st, shares in Pfizer have fallen 5.63%. Finally in deal news, **Darden Restaurants** announced their decision to sell their ownership of Red Lobster. Golden Gate Capital will acquire Red Lobster for \$2.1 billion. Lastly on Friday, it was announced that **General Motors** will pay a \$35 million fine and admit fault to settle the government's investigation of their delayed recalls. Looking ahead to this week, **Campbell Soup**, **Valspar**, **Urban Outfitters** and **Staples** will all report earnings.