

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.78 (-03 bps)	GNMA (30 Yr) 6% Coupon:	112-24/32 (2.10%)
6 Mo. T-Bill:	0.91 (-01 bps)	Duration:	4.16 years
1 Yr. T-Bill:	0.98 (-03 bps)	Bond Buyer 40 Yield:	4.15 (-01 bps)
2 Yr. T-Note:	1.18 (-03 bps)	Crude Oil Futures:	49.63 (-3.55)
3 Yr. T-Note:	1.40 (-01 bps)	Gold Spot:	1,284.44 (-3.48)
5 Yr. T-Note:	1.77 (unch)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.25 (+01 bps)	U.S. High Yield:	6.13% (-05 bps)
30 Yr. T-Bond:	2.90 (+01 bps)	BB:	4.71% (-06 bps)
		B:	6.17% (-05 bps)

Treasury yields continued to march lower last week as geopolitical concerns and lackluster economic data sent investors into safe haven assets. On Friday, yields reversed course after President Trump promised to announce his tax reform plan this week. In Europe, the French presidential election stoked fears over the prospect of electing an anti-European Union candidate that will push to follow Britain's lead and "Frexit" the EU. On Monday, the Consumer Price Index showed a decline in March for the first time in more than a year. Core CPI, excluding food and energy, fell for the first time in seven years. The Federal Reserve's Beige Book report of local economic conditions signaled stronger job markets in all twelve districts; however, investors are still awaiting confidence to translate into higher wages and spending. The probability of a June rate hike, implied by Fed Funds futures, has decreased as a result of diminished inflationary pressures. Investors will be watching closely for upcoming economic data to show an uptick in inflationary pressures to warrant two more rate increases by the FOMC this year. The US government will run out of money to pay its bills on April 29 if Congress fails to agree on a spending bill. President Trump increased the odds of a government shutdown by attaching border wall funding to the bill, which Democrats oppose. The last government shutdown was in 2013 in a political fight over healthcare funding. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Tuesday: March New Home Sales (588k; 592k), April Conference Board Consumer Confidence (123.7, 125.6); Wednesday: April 21 MBA Mortgage Applications; Thursday: March Preliminary Wholesale Inventories (0.3%, 0.4%), March preliminary Durable Goods Orders (1.5%, 1.8%), April 22 Initial Jobless Claims (--, 244k); Friday: Q1 Annualized GDP (1.2%, 2.1%), April Chicago Purchasing Manager Index (56.9, 57.7), and April University of Michigan Sentiment (98.4, 98.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	20,547.79 (0.51%)	Strong Sectors:	Industrials, Cons. Discretionary
S&P 500:	2,348.69 (0.87%)		Information Technology
S&P Midcap:	1,717.66 (2.19%)	Weak Sectors:	Energy, Telecom,
S&P Smallcap:	839.36 (2.92%)		Health Care
NASDAQ Comp:	5,910.52 (1.82%)	NYSE Advance/Decline:	2,055 / 1,099
Russell 2000:	1,379.85 (2.58%)	NYSE New Highs/New Lows:	295 / 61
		AAll Bulls/Bears:	25.7% / 38.7%

The stock market moved higher last week by 0.87% as measured by the S&P 500. Industrial stocks, led by the railroads, were the best performers for the week. The turnaround at **CSX** is gaining steam after a positive earnings release, followed by analyst upgrades, helped the stock climb and close out the week with a +9.37% return. The company noted core pricing gains that also sent peer railroads prices higher (**Norfolk Southern** +4.3%, **Union Pacific** +3.3%). On Sunday, voters in France went to the polls to select two candidates for the presidential runoff. Emmanuel Macron, a pro-growth centrist, and nationalist Marine Le Pen were selected in the closely watched race. In domestic affairs, US Treasury Secretary Steven Mnuchin announced plans to reform taxes have progressed. The plan would be the biggest overhaul to the tax code since President Ronald Reagan. The progress comes as the administration struggles to repeal the Affordable Care Act and present a budget that appeases both sides of the aisle. Oil prices slid during the week from \$53.18 at last week's close to \$49.62 on Friday. Energy companies followed and were the worst performing sector in the S&P 500 at -2.13%. **Lam Research Corp.**, a semiconductor equipment manufacturer, delivered the best performance in the S&P 500 during the week with an 11.83% return. On Tuesday the company reported higher than expected profits and announced an accelerated stock buyback pact with **BNP Paribas** and **Citi**. The toymaker **Mattel Inc** reported on Thursday that its comeback plan for Barbie was not working as expected. The company posted a greater than expected loss which sent the stock tumbling Friday and closed out the week as the worst performing stock in the S&P 500. Looking ahead, 194 companies in the S&P 500 are slated to release quarterly results.