US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.03 (-01 bps)	GNMA (30 Yr) 6% Coupon:	110-16/32 (2.11%)
6 Mo. T-Bill:	0.09 (-01 bps)	Duration:	3.92 years
1 Yr. T-Bill:	0.18 (-02 bps)	30-Year Insured Revs:	155.4% of 30 Yr. T-Bond
2 Yr. T-Note:	0.60 (-05 bps)	Bond Buyer 40 Yield:	5.54% (-08 bps)
3 Yr. T-Note:	0.99 (-15 bps)	Crude Oil Futures:	113.70(+1.41)
5 Yr. T-Note:	1.97 (-13 bps)	Gold Futures:	1561.20 (+58.00)
10 Yr. T-Note:	3.28 (-10 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.40 (-07 bps)	BB, 7-10 Yr.:	6.24% (-06 bps)
		B, 7-10 Yr.:	7.31% (-06 bps)

Treasury prices were higher across the board this week with significant focus on the first press conference by Fed Chairman Ben Bernanke held Wednesday. In economic news, new home sales increased 11.1% in March to 300,000 vs. the estimate of 280,000. The S&P/Case-Shiller Composite Home Price Index declined 0.18% in February vs. the consensus estimate of negative 0.40%. Year over year, the index is down 3.33%. Wednesday, March durable goods were reported 2.5% higher vs. the expectation of 2.3%. Excluding transportation, durable goods increased 1.3%. The Fed kept the target range for the Federal Funds Rate at 0.0 – 0.25% and confirmed that it will end the $600 billion bond-buying program in June. Thursday, 1st Quarter GDP came in at 1.8% which was lower than the estimate of 2.0%. March personal income was reported Friday at 0.5%, slightly higher than the expectation of 0.4% and U of M Consumer Confidence was reported at 69.8 vs. the estimate of 70.0. Major economic reports (and related consensus forecasts) for next week include: Monday: April ISM Manufacturing Index (59.5), March Construction Spending (0.4%); Tuesday: March Factory Orders (1.9%), April Annualized Total and Domestic Vehicle Sales (13.0 million and 9.86 million respectively); Wednesday: April ISM Non-Manufacturing Composite (57.4); Thursday: 1st Quarter Nonfarm Productivity (1.0%), 1st Quarter Unit Labor Costs (0.8%); Friday: April Change in Nonfarm Payrolls (190,00), April Change in Private Payrolls (200,000), April Unemployment Rate (8.8%).

US Stocks

Weekly Index Performance:

DJIA:	12810.54(+304.55,+2.4%)
S&P 500:	1363.61 (+26.23,+2.0%)
S&P MidCap:	1015.26 (+20.10,+2.0%)
S&P Small Cap:	457.95 (+10.44,+2.3%)
NASDAQ Comp:	2873.54 (+53.38,+1.9%)
Russell 2000:	865.29 (+19.65,+2.3%)

Market Indicators:

Strong Sectors:	Health Care, Industrials, Utilities
Weak Sectors:	Materials, Technology, Consumer Discretionary
NYSE Advance/Decline:	2,358 / 833
NYSE New Highs/New Lows:	671 / 47
AAII Bulls/Bears:	37.9% / 30.7%

US stocks responded positively to upbeat earnings reports and reassurance from the Federal Reserve Chairman interest rates would remain low once QE2 ends in June. Stocks hit their highest levels since June 2008. Investors looked past a weak reading on Q1 GDP and an uptick in jobless claims. Consumer spending was up in March despite rising gas prices, a good sign for the economy. The S&P 500 now sits just 13% below its October 2007 peak. Small caps continued to make new highs. Gold rose to a new record and silver neared its all-time high. The dollar slumped. **ExxonMobil**'s quarterly profit of $10.65 billion beat estimates on a per-share basis. **Caterpillar** blew past estimates and raised guidance as the company continues to accelerate away from depressed year-ago results. **Dow Chemical** posted a wide beat. **Ford** rode strong domestic sales of fuel efficient vehicles to post above-consensus results. **PepsiCo** shaded past earnings estimates and reaffirmed full-year guidance, easing worries over the impact of commodities. **Procter & Gamble** was not as fortunate as commodity costs caused earnings to miss by a penny. **Microsoft** beat estimates with its results but lower revenues from Windows showed the impact of tablets on PC sales. **Research In Motion** lowered earnings guidance on weaker BlackBerry sales. **Amazon** missed on the bottom line but revenues were strong so investors were forgiving. Results from **Netflix** were strong but guidance was a bit light. So far this earnings season, 73% of S&P 500 companies reporting have exceeded expectations, with an average 22% gain in earnings. **Johnson & Johnson** announced it is buying **Synthes** for $21.3 billion. **Exelon** agreed to acquire **Constellation Energy** for $7.9 billion. Looking ahead, the coming week sees no let up in earnings but perhaps the biggest event will be the April jobs report due out Friday. Investors will likely want to see further recovery in the labor market before getting too comfortable with the outlook for stocks.