US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.08 (unch.)	GNMA (30 Yr) 6% Coupon:	112-8/32 (1.61%)
6 Mo. T-Bill:	0.14 (unch.)	Duration:	3.64 years
1 Yr. T-Bill:	0.15 (+01 bps)	30-Year Insured Revs:	212.0 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.30 (unch.)	Bond Buyer 40 Yield:	4.38% (-01 bps)
3 Yr. T-Note:	0.39 (-01 bps)	Crude Oil Futures:	84.78 (+5.02)
5 Yr. T-Note:	0.71 (-03 bps)	Gold Futures:	1600.30 (+34.30)
10 Yr. T-Note:	1.64 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.75 (-01 bps)	BB, 7-10 Yr.:	6.03% (-09 bps)
		B, 7-10 Yr.:	7.39% (-09 bps)

Treasury yields were generally unchanged this week as the flight to safety early in the week was offset by optimism coming out of the Eurozone summit in Brussels on Friday. EU leaders surprised investors by agreeing to relax restrictions on the use of bailout funds sending riskier assets higher at the expense of U.S. Treasuries. Earlier in the week, Treasury prices were higher as Angela Merkel dismissed the notion of euro bonds and joint liability. In domestic economic news, new home sales surprised to the upside Monday increasing 7.6% to 369,000 vs. expectations of 347,000. Wednesday, durable goods orders were reported 1.1% higher in May, beating the consensus estimate of 0.4%. Excluding transportation, orders increased 0.4%, below expectations of 0.7%. First quarter GDP growth was finalized Thursday at 1.9%, matching estimates. Friday, personal income was reported 0.2% higher in May, matching expectations and spending was flat, also matching estimates. Markets will close early next Tuesday and will be closed Wednesday in observance of the U.S. Independence Day Holiday. Major economic reports (and related consensus forecasts) for next week include: Monday: June ISM Manufacturing and Prices Paid (52.0 and 45.8 respectively), May Construction Spending (0.2%); Tuesday: May Factory Orders (0.1%), June Total and Domestic Vehicle Sales Annualized (13.9 million and 10.89 million respectively), Thursday: June ISM Non-Manufacturing Composite (53.0); Friday: June Change in Nonfarm Payrolls (90,000), June Change in Private Payrolls (100,000), June Change in Manufacturing Payrolls (8,000), June Unemployment Rate (8.2%).

US Equities

Weekly Index Performance:

DJIA:	12,880.09 (239.31, 1.89%)
S&P 500:	1,362.16 (27.14, 2.03%)
S&P MidCap:	941.64 (25.50, 2.78%)
S&P Small Cap:	445.44 (14.14, 3.28%)
NASDAQ Comp:	2,935.05 (42.63, 1.47%)
Russell 2000:	798.49 (23.33, 3.01%)

Market Indicators:

Strong Sectors:	Energy, Materials, Industrials
Weak Sectors:	Information Technology, Consumer Discretionary
NYSE Advance/Decline:	2,431 / 742
NYSE New Highs/New Lows:	346 / 147
AAII Bulls/Bears:	28.7% / 44.4%

Last week, the S&P 500 Index had positive performance with a 2.08% return. The week started out down 1.58% for Monday. Even though there was some positive economic data released Monday, investors were worried that Operation Twist by the Fed would not spur US growth and that a solution for Europe would not be met at Thursday's and Friday's EU Summit. More positive US economic news pushed the market higher Tuesday and Wednesday. Thursday the market dropped and remained under pressure most of the day as the Supreme Court upheld the Obama administration's healthcare overhaul which includes the individual health insurance requirement. Managed care companies such as **WellPoint**, **Aetna**, **Coventry Health Care** and **Cigna** have traded lower and have not bounced back since the announcement. Not only was Friday the last trading day for the first half of 2012, but it also was the best performing day of the year with a positive return of 2.50%. The markets reacted to the news that a deal was struck by European leaders in Brussels at the EU Summit. This had investors relieved and feeling euphoric as bond yields in Spain and Italy retreated from 7%. All ten economic sectors had positive performance last week. Energy was the strongest with a 4.81% return for the week. The materials and industrials sectors returned 2.96% and 2.68% respectively. Information technology and consumer discretionary sectors performed the worst of all ten sectors returning 0.86% and 0.95% respectively. **Constellation Brands**, an alcohol beverage company, turned in the best performance in the S&P 500 Index with a 39.70% return for the week. This increase can be attributed to Friday's announcement that it is acquiring the remaining 50% of **Crown Imports LLC** from **Grupo Modelo SAB de CV**. The next best performers were **QEP Resources** and **Lennar** with returns of 17.85% and 17.22% respectively. Twelve other stocks in the S&P 500 Index returned greater than 10.00% for the week.