

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (-02 bps)	GNMA (30 Yr) 6% Coupon:	111-30/32 (1.90%)
6 Mo. T-Bill:	0.05 (-02 bps)	Duration:	3.64 years
1 Yr. T-Bill:	0.10 (-01 bps)	30-Year Insured Revs:	150.1 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.41 (-04 bps)	Bond Buyer 40 Yield:	4.71 (-03 bps)
3 Yr. T-Note:	0.87 (-04 bps)	Crude Oil Futures:	101.12 (-0.55)
5 Yr. T-Note:	1.70 (-05 bps)	Gold Futures:	1,304.60 (+10.80)
10 Yr. T-Note:	2.73 (+01 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.59 (+04 bps)	U.S. High Yield:	6.08% (-05 bps)
		BB:	4.76% (-03 bps)
		B:	6.11% (+04 bps)

The Treasury yield curve experienced a twist over the course of the week as yields rose for 10-year and 30-year maturities but dropped for shorter duration maturities. The twist began on Monday as yields dropped across the board, but much more for short and intermediate duration Treasury notes. This was the result of Federal Reserve Chairwoman Janet Yellen appearing to backtrack earlier comments on how quickly the Fed would hike interest rates, as she said the central bank will maintain “extraordinary economic support for some time to come.” Treasury yields then rose for all maturities on Tuesday, except to a much larger extent for 10-year and 30-year durations, on optimism in the Equity markets for a spring rebound in economic data. This trend continued on Wednesday after a positive private-sector jobs report gave optimism about the coming payrolls report. Automatic Data Processing, Inc. data showed the fastest hiring pace in three months, which gave support to the theory that the economy will pick up with warmer weather. However, on Friday, the payrolls report showed slow improvement as the unemployment rate stayed unchanged at 6.7% and equities tumbled. This caused yields dropped significantly on Friday to close the week only slightly higher. Intermediate durations dropped more than short or long term maturities on Friday also. Major economic reports (and related consensus forecasts) for the upcoming week include: Wednesday: April 4 MBA Mortgages Applications, February Wholesale Inventories (0.5% MoM); Thursday: April 5 Initial Jobless Claims (320K); Friday: March Producer Price Index Final Demand (0.1% MoM, 1.2% YoY), University of Michigan Confidence (81.5).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16,412.71 (0.58%)	Strong Sectors:	Industrials, Telecom Svcs, Materials
S&P 500:	1,865.09 (0.44%)	Weak Sectors:	Info Tech, Financials, Consumer Staples
S&P Midcap:	1,367.11 (0.67%)	NYSE Advance/Decline:	2,130 / 1,063
S&P Smallcap:	663.44 (0.65%)	NYSE New Highs/New Lows:	389 / 30
NASDAQ Comp:	4,127.73 (-0.64%)	AAll Bulls/Bears:	35.4% / 26.8%
Russell 2000:	1,153.38 (0.15%)		

Last week the S&P 500 Index closed with a 0.44% return. Monday showed the best performance of the week with a 0.80% return after favorable comments from Janet Yellen that the Fed could still help the economy. It also marked a close for the first quarter of 2014 with a 1.80% return for the index. Equities started the second quarter with an upward trend, on Tuesday brought. Stocks opened strong, then quickly dropped on lower than expected March ISM Manufacturing data, and rose again in the afternoon to close the day with a 0.71% return. Wednesday returned 0.30% on mixed economic news with lower than expected ADP employment data, but higher than the previous month. After three straight positive trading days, the index closed down on Thursday with a -0.11% return. US initial jobless claims were 326K, which was higher than expected. Claims increased from the previous week's 311K and were higher than the consensus estimate of 319K. The S&P 500 Index had its third worst performing day of the year on Friday with a -1.25% return. The index opened up and topped out just shy of 1,900 early in the day and declined the remainder of the trading day with the technology sector being hit the hardest. Nine of the ten economic sectors had positive performance for the week. The industrials sector was the best performing sector with a 1.45% return. Telecommunication services and materials sectors followed with 1.43% and 1.18% returns, respectively. The information technology sector's -0.68% return was the worst performance of all the sectors and was followed by financials and consumer staples which returned 0.24% and 0.30%, respectively. **Anadarko Petroleum Corp.**, an independent oil and gas production company, turned in the best performance in the S&P 500 Index with an 18.97% gain. The next two best performers were **Intuitive Surgical Inc.** and **The ADP Corp.** with returns of 16.21% and 8.42%, respectively. This week will bring earnings news from **Wells Fargo & Co.**, **JPMorgan Chase & Co.**, **Constellation Brands Inc.**, **Bed Bath & Beyond Inc.**, **Alcoa Inc.** and many others.