US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.986 (23.4 bps)	Bond Buyer 40 Yield:	4.30 (2 bps)
6 Mo. T-Bill:	4.975 (16.0 bps)	Crude Oil Futures:	82.52 (+1.82)
1 Yr. T-Bill:	4.745 (18.5 bps)	Gold Spot:	2,004.17 (-3.74)
2 Yr. T-Note:	4.099 (11.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.831 (8.5 bps)	U.S. High Yield:	8.42 (-19 bps)
5 Yr. T-Note:	3.606 (10.9 bps)	BB:	6.74 (-10 bps)
10 Yr. T-Note:	3.513 (12.2 bps)	B:	8.75 (-23 bps)
30 Yr. T-Bond:	3.735 (12.7 bps)		

U.S. Treasury Bond yields were mostly up across the yield curve last week as investors reacted to Federal Reserve March meeting minutes and inflation data. Minutes from the Federal Reserve's March policy meeting revealed that many Fed officials think the stress on the banking system will lower the peak rate needed to combat inflation. Investors digested a slew of inflation data on Wednesday and Thursday. The Consumer Price Index, or CPI, rose 0.1% in March, below the expected 0.2%. The CPI is up 5.0% year-over-year. The "core" CPI, which excludes the volatility of energy and food prices, is 5.6% year-over-year. The "core" CPI came in-line with expectations. The Producer Price Index, or PPI, declined 0.5% in March, which was well below the expectation of no change. Like CPI, the reason for the lower PPI print was related to energy prices pulling back in March. The stronger "core" CPI and the underlying dynamics of the PPI indicate that inflation is sticky, and still a problem for the U.S. economy. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: April Empire Manufacturing (-18.0, -24.6), February Net Long-term TIC Flows (n/a, $31.9b), February Total Net TIC Flows (n/a, $183.1b); Tuesday: March Building Permits (1450k, 1524k), March Housing Starts (1405k, 1450k); Wednesday: April 14 MBA Mortgage Applications (n/a, 5.3%); Thursday: April 15 Initial Jobless Claims (240k, 239k), April 8 Continuing Claims (1827k, 1810k), April Philadelphia Fed Business Outlook (-19.9, -23.2), March Existing Home Sales (4.50m, 4.58m), March Existing Home Sales MoM (-1.8%, 14.5%), March Leading Index (-0.7%, -0.3%); Friday: April Preliminary S&P Global US Manufacturing PMI (49.0, 49.2), April Preliminary S&P Global US Services PMI (51.5, 52.6), April Preliminary S&P Global US Composite PMI (51.2, 52.3).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	33,886.47 (1.20%)	Strong Sectors:	Financials, Energy
S&P 500®	4,137.64 (0.82%)		Industrials
S&P MidCap 400®	2,489.47 (1.76%)	Weak Sectors:	Info Tech, Utilities
S&P SmallCap 600®	1,163.71 (1.22%)		Real Estate
Nasdaq Composite®	12,123.47 (0.30%)	NYSE Advance/Decline:	2,032 / 1,124
Russell 2000®	1,781.15 (1.54%)	NYSE New Highs/New Lows:	132 / 95
		AAII Bulls/Bears:	26.1% / 34.5%

The S&P 500 edged 82 basis points higher last week as markets digested a horse sized pill of information. Investors were besieged with macro-economic releases such as CPI, PPI, and University of Michigan Sentiment measures while simultaneously preparing for Q1 earnings season to progress. Financials ended the week up 2.86% the best performing sector in the S&P 500, further abating fears of a banking crisis among investors. The US' largest bank **JP Morgan** led the gain on Friday challenging bearish traders as the cyclical stock beat EPS estimates by a whopping 22.59%, **Citigroup** and **Wells Fargo** also beat EPS estimates by a healthy margin. While financials shined rate sensitive technology names such as **Microsoft** and **Apple** dragged late in the week as traders upped bets of further rate hikes. This week the AAII Bulls and Bears bearish sentiment votes decreased to 34.50% marking the 4th straight weekly decline as neutral votes gained steam highlighting investors uncertainty towards the possibility of a soft, hard, or no landing economy later this year. While headline CPI softened more than estimates the University of Michigan 1 year inflation expectations gauge sharply increased from 3.6% to 4.6% keeping the Fed focused on taming inflation. Stickier inflation expectations and signs of a slowing economy will put investors focus on factors such as deteriorating margins, tightening credit conditions, and corporate spending in upcoming earnings releases. Q1 earnings results will ramp up this week as 53 companies in the S&P 500 are confirmed to release results. Investors will be especially focused on household names such as **Bank of America**, **Tesla**, **Netflix**, and **Johnson & Johnson** to gain insights as to what management forecasts for the remainder of the year after a volatile first quarter.