US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.377 (1.5 bps)	Bond Buyer 40 Yield:	4.43 (-5 bps)
6 Mo. T-Bill:	5.339 (1.7 bps)	Crude Oil Futures:	85.66 (-1.25)
1 Yr. T-Bill:	5.128 (7.5 bps)	Gold Spot:	2,344.37 (14.62)
2 Yr. T-Note:	4.897 (14.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.732 (16.9 bps)	US High Yield:	8.24 (20 bps)
5 Yr. T-Note:	4.558 (16.4 bps)	BB:	6.90 (21 bps)
10 Yr. T-Note:	4.522 (12.0 bps)	B:	8.25 (19 bps)
30 Yr. T-Bond:	4.629 (7.7 bps)		

The Consumer Price Index rose 3.5% in March from the prior year, which was higher than expected and accelerated from 3.2% in February, as stubborn inflation continues to persist. The inflation rate measured by the core CPI, which excludes food and energy costs, did not improve for the first time since March of last year, holding at 3.8%. The report sent the 10-year Treasury yield above 4.5% for the first time since November, and chances of a rate cut at the Fed's June meeting plummeted as the market grapples with high-for-longer interest rates. Producer prices rose less than expected in March from a year earlier, but the 2.1% increase was the highest in 11 months and an acceleration from February's increase. The report offered further evidence that progress toward slowing inflation has stalled. Following the inflation-driven selloff in government bonds earlier in the week, Treasury yields fell on Friday in a flight to safety set off by increasing geopolitical risks as Israel braced for an attack by Iran. Additional economic data released Friday showed that the University of Michigan's Consumer Sentiment Index has remained steady this year despite missing expectations. Consumers noted little perceived economic change this year but increased their inflation expectations, reflecting frustration with the stalled inflation slowdown. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: March Retail Sales Advance MoM (0.4%, 0.6%), April Empire Manufacturing (-5.0, -20.9); Tuesday: March Housing Starts (1485k, 1521k), March Industrial Production MoM (0.4%, 0.1%); Wednesday: April 12 MBA Mortgage Applications (N/A, 0.1%); Thursday: April 13 Initial Jobless Claims (215k, 211k), March Existing Home Sales (4.16m, 4.38m), March Leading Index (-0.1%, 0.1%).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	37,983.24 (-2.36%)	Strong Sectors:	Info Tech, Comm. Services
S&P 500®	5,123.41 (-1.52%)		Cons. Discretionary
S&P Midcap 400®	2,899.72 (-2.98%)	Weak Sectors:	Health Care, Materials
S&P Smallcap 600®	1,270.05 (-2.92%)		Financials
NASDAQ Composite®	16,175.09 (-0.45%)	NYSE Advance/Decline:	438 / 2,481
Russell 2000®	2,003.17 (-2.91%)	NYSE New Highs/New Lows:	225 / 94
		AAII Bulls/Bears:	43.4% / 24%

Last week equites suffered a choppy week as macroeconomic and geopolitical news weighed on performance, the S&P 500 dropped 152 basis points. In the start of the week stocks experienced softness as traders awaited CPI numbers on Wednesday, following a hot inflation reading equities fell as investors worried about a potential reacceleration in inflation not only dashing the hopes of rate cuts later this year but potentially opening the door to further rate hikes. Thursday brought better news as PPI data came in softer than expected leading to a rebound in stocks particularly among the Information Technology and Communication Services sectors. The week ended on a sour note as tensions between Israel and Iran escalated leading to fears of a more widespread conflict; equities fell and the VIX surged on Friday. The end of the week also marked the kickoff of earnings season with banking giants **JP Morgan Chase & Co**, **Wells Fargo & Company**, and **Citigroup Inc.** reporting first quarter earnings Friday morning. **JP Morgan** led banks lower, dropping 7.42% last week, after the banking behemoth failed to impress investors with its Net Interest Income (NII) outlook for the year. Management had repeatedly warned in prior releases that eventually NII would plateau, and forecasts would not be raised, analysts were left disappointed as estimates saw a little more upside left. The top performer in the S&P 500 was **GE Vernova Inc**. returning 9.21% after the electric power system manufacturer, spun off from **General Electric Company**, received its first two buy recommendations since becoming an independent company. The worst performer in the S&P 500 was **Globe Life Inc**. which sank 45.51% following the release of a short seller report by Fuzzy Panda Research claiming management at the life insurance company disregarded wide spread insurance fraud and received illegal kickbacks. The stock bounced back at the end of week after the company released a statement calling the report widely misleading and announced that a broader explanation would be released in the near future. While much of the focus last week was on inflation and geopolitical tensions one thing remained clear, the interest in artificial intelligence remains. **Apple Inc**. experienced a turnaround in sentiment, returning 4.11%, after announcing an overhaul to its Mac computer line with a core focus in artificial intelligence. Upcoming this week investors will have much to look forward to as 41 companies in the S&P 500 are expected to release earnings, notable names include: **Goldman Sachs Group**, **Johnson & Johnson**, **Netflix Inc.**, and **American Express**.