US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.310 (6.7 bps)	Bond Buyer 40 Yield:	5.00 (53 bps)
6 Mo. T-Bill:	4.182 (10.0 bps)	Crude Oil Futures:	61.50 (-0.49)
1 Yr. T-Bill:	4.016 (19.1 bps)	Gold Spot:	3,237.61 (199.37)
2 Yr. T-Note:	3.960 (30.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.007 (37.3 bps)	U.S. High Yield:	8.61 (15 bps)
5 Yr. T-Note:	4.160 (45.1 bps)	BB:	7.16 (18 bps)
10 Yr. T-Note:	4.490 (49.5 bps)	B:	8.82 (10 bps)
30 Yr. T-Bond:	4.870 (46.1 bps)		

Treasury yields rose dramatically over the course of the week on the implementation of tariffs and the resulting trade wars. Investors began the week weighing the negative impacts and increased instability on U.S. economy and the dollar, causing the demand for Treasurys to drop and yields to increase, especially in long term maturities and steepening the yield curve. On Wednesday, President Donald Trump announced a 90-day pause to the implementation of higher tariffs, instead opting for a 10% tariff across the board on all countries that did not implement retaliatory tariffs. The notable exception was China, of which President Trump increased the tariff significantly, resulting in additional back and forth retaliation between the countries and potentially igniting a trade war. The pause gave some confidence back to the U.S. Treasury market, causing long term maturities to drop slightly and short-term maturities to rise significantly. This trend reversed on Thursday and the dollar had its worst day since 2022 as investors continued to weigh just how much of a negative impact the impending trade war with China would have on the U.S. economy and U.S. debt. Concerns over the U.S. financial system and a possible liquidity crisis continued on Friday as yields rose materially, though eased off intraday highs by the end of trading. Inflation metrics on Thursday and Friday read much lower than expected as March CPI MoM was -0.1% (compared to estimates of 0.1%) and March PPI Final Demand MoM was -0.4% (compared to estimates of 0.2%). With the easing of tariffs and lower inflation, the expectation for the Federal Reserve Bank to lower rates decreased. The market implied Federal Funds Rate for the end of 2025 rose from 3.31 at the start of the week to 3.55 by the end of the week. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include: Tuesday: April Empire Manufacturing (-15,0, -20,0); Wednesday: April 11 MBA Mortgage Applications (n/a, 20.0%), March Retail Sales Advance MoM (1.4%, 0.2%), March Industrial Production MoM (-0.2%, 0.7%); Thursday: March Housing Starts (1420k, 1501k), April 12 Initial Jobless Claims (n/a, 223k).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	40,212.71 (4.97%)	Strong Sectors:	Info Tech, Industrials
S&P 500®	5,363.36 (5.73%)		Comm. Services
S&P MidCap 400®	2,722.55 (2.81%)	Weak Sectors:	Health Care, Real Estate
S&P SmallCap 600®	1,164.74 (0.78%)		Energy
Nasdaq Composite®	16,724.46 (7.3%)	NYSE Advance/Decline:	1,426 / 1,421
Russell 2000®	1,860.21 (1.83%)	NYSE New Highs/New Lows:	27 / 1,475
		AAII Bulls/Bears:	28.5% / 58.9%

The S&P 500 gained 5.73% last week seeing its best week since November 2023 as 9 of the 11 sectors finished the week in the green. Notably last Wednesday the S&P 500 saw a historical day gaining 9.52%, marking the 3rd best single day gain dating back to World War II. Equities caught a bid after the Trump administration announced a 90 day pause on reciprocal tariffs for countries that didn't retaliate against the US. The administration's goal during the 90 day pause is to negotiate trade agreements with other countries giving the market hope the end results will be materially lower tariffs. The best performing sector in the S&P 500 was the Information Technology sector which returned 9.69%. The sector was led higher by **Broadcom Inc** which ended the week up 24.37%, the semiconductor designer started the week off stronger than peers following the announcement that management had approved a $10 billion stock buyback plan. The worst performing sector was the Energy sector which fell 39 basis points. Energy stocks were led lower by **Occidental Petroleum Corp** which fell 7.08%. Energy stocks moved higher with the broader market last Wednesday but gave back most gains on Thursday as the pause on tariffs failed to meaningfully move oil prices higher and risk off sentiment took hold as tensions between the US and China escalated. In other news, the unofficial start of earnings season was last Friday as banks **JP Morgan & Chase**, **Morgan Stanley**, and **Wells Fargo & Co** reported results. While all three banks beat earnings estimates terms like "uncertainty," "unknowns," and "turbulence" showed up in all three companies' earnings calls as bank leaders struck a cautious tone looking ahead. Notably **JPMorgan** built reserves by $973 million in the first quarter, 40% higher than estimates, as Jamie Dimon said the bank is sitting atop more capital "to get through whatever the stormy seas are." Upcoming this shortened trading week due to Good Friday 32 companies in the S&P 500 are expected to report results, notable mentions include: **Goldman Sachs Inc**, **Citigroup Inc**, **Johnson & Johnson**, and **Netflix Inc**.