US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	3.676 (2.3 bps)	Bond Buyer 40 Yield:	4.61 (-1 bps)
6 Mo. T-Bill:	3.696 (0.5 bps)	Crude Oil Futures:	95.42 (-6.52)
1 Yr. T-Bill:	3.725 (2.2 bps)	Gold Spot:	4,715.25 (101.04)
2 Yr. T-Note:	3.885 (0.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.908 (0.6 bps)	U.S. High Yield:	7.31 (2 bps)
5 Yr. T-Note:	4.002 (-1.2 bps)	BB:	6.19 (2 bps)
10 Yr. T-Note:	4.354 (-1.6 bps)	B:	7.71 (1 bps)
30 Yr. T-Bond:	4.934 (-2.5 bps)		

The ISM Services Index continued its long-term expansion in April but grew more slowly than expected as elevated input prices from the war in Iran slowed new orders. Oil prices fell sharply on Wednesday on a report that the US and Iran are nearing a deal to end the war, ending down for the week as the US awaits Iran's response to its latest proposal. Friday's jobs report showed the US added 115,000 jobs in April, which was more than expected, following a 185,000 increase in March. That was the largest two-month gain since 2024. The unemployment rate held steady at 4.3% but was helped by a drop in labor force participation. Improving job growth shows the US labor market continues to hold firm amid geopolitical risks after being stuck in neutral for much of the last year. Additional industries outside of healthcare participated in the gains, suggesting a more robust labor market than seen in prior months. Average hourly earnings were up 3.6% in April from last year, which missed expectations. Following the jobs report, the market continues to expect the Fed will remain on hold for the foreseeable future. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: April Existing Home Sales (4.05m, 3.98m); Tuesday: April CPI MoM (0.6%, 0.9%), April CPI YoY (3.7%, 3.3%); Wednesday: April PPI Final Demand MoM (0.5%, 0.5%), May 8 MBA Mortgage Applications (N/A, -4.4%); Thursday: May 9 Initial Jobless Claims (205k, 200k), April Retail Sales Advance MoM (0.6%, 1.7%); Friday: April Industrial Production MoM (0.2%, -0.5%), May Empire Manufacturing (7.5, 11.0).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	49,609.16 (0.25%)	Strong Sectors:	Info Tech, Comm. Services
S&P 500®	7,398.93 (2.36%)		Cons. Discretionary
S&P MidCap 400®	3,699.83 (1.67%)	Weak Sectors:	Financials, Utilities
S&P SmallCap 600®	1,683.38 (0.65%)		Energy
Nasdaq Composite®	26,247.08 (4.52%)	NYSE Advance/Decline:	1,554 / 1,251
Russell 2000®	2,861.21 (1.73%)	NYSE New Highs/New Lows:	370 / 128
		AAII Bulls/Bears:	38.3% / 33%

The S&P 500 returned 2.36% last week as Information Technology stocks continue to roar back from weakness earlier in the year. The top performing sector in the S&P 500 was the Information Technology sector, which rallied 7.02% last week. The top performer in the sector and S&P 500 overall was **Datadog Inc**, which shot up 42.43%, following their 1st quarter earnings release. The software provider had its best day in six years after beating top and bottom-line estimates while also raising guidance above analysts' estimates. On the call management also touted work done integrating artificial intelligence into the company. While Datadog was the top performer, the Information Technology sector saw broad strength with ten companies experiencing a total return over 20% last week. At the opposite end of the spectrum the Energy sector was the worst performing sector in the S&P 500 falling 5.30%. Weakness was broad based as all companies in the sector finished the week with a negative return. The worst performer in the sector was **APA Corp** falling 11.39%, weakness in the sector was driven by hopes the conflict between the US and Iran is coming to an end leading to falling oil prices. In other news the S&P 500 ended last week on a high note as payroll data came in substantially higher than estimates and prior month's numbers were revised higher giving investors hope that the US economy is remaining resilient despite the energy shock triggered by the conflict with Iran. Many strategists have struck a positive tune lately as the economy has not been nearly as bad as some commentators had suspected due to higher oil prices, sticky inflation, and higher for longer rates. The positive sentiment has powered the artificial intelligence trade even higher as the Philadelphia Stock Exchange Semiconductor Index notched an 11% return last week and the S&P 500 posted its sixth straight weekly gain marking the longest winning streak since 2024. Upcoming this week 12 companies on the S&P 500 are expected to report earnings. Notable names include: **EchoStar Corp**, **Constellation Energy Corp**, **Fox Corp**, **Cisco Systems Inc**, and **Applied Material Inc**.

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