US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	3.653 (-2.1 bps)	Bond Buyer 40 Yield:	4.62 (3 bps)
6 Mo. T-Bill:	3.691 (-0.6 bps)	Crude Oil Futures:	105.14 (8.52)
1 Yr. T-Bill:	3.704 (4.6 bps)	Gold Spot:	4,614.21 (-95.29)
2 Yr. T-Note:	3.877 (9.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.903 (10.4 bps)	U.S. High Yield:	7.29 (7 bps)
5 Yr. T-Note:	4.014 (9.9 bps)	BB:	6.17 (8 bps)
10 Yr. T-Note:	4.370 (6.9 bps)	B:	7.70 (12 bps)
30 Yr. T-Bond:	4.959 (5.1 bps)		

Treasury yields climbed sharply this week. The 10-year rose about 7 basis points to 4.42% on Wednesday after the Fed held rates. Markets have now fully priced out Fed cuts for 2026. Durable goods orders rose 0.8% in March, the first gain this year, even as commercial aircraft orders plunged 21%. Excluding volatile transportation, orders were up 0.9% for the month and 7.6% year-over-year, the best annual gain since mid-2022. Housing starts surged 10.8% in March to a fifteen-month high, beating economists' forecasts, though part of the gain reflects a rebound from February's weather-related slowdown. Both single-family and multi-unit construction rose across all regions. On the other hand, building permits fell 10.8%, missing expectations and down in both categories versus a year ago, suggesting the pipeline of future construction may be cooling. Income and spending both rose solidly in March, but inflation posted its largest monthly gain since 2022. The headline 0.6% income jump was boosted by a one-time farm subsidy payment; stripping those out, private wages grew a healthy 0.5%. Manufacturing expanded in April at its fastest pace since 2022, holding steady at 52.7 despite headwinds from elevated prices and supply chain disruptions tied to the Strait of Hormuz closure. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: March Factory Orders (0.5%, 0.0%), March Durable Goods Orders (0.8%, 0.8%); Tuesday: March Trade Balance (-$60.6b, -$57.3b), April ISM Services Index (53.7, 54.0), March New Home Sales (660k, N/A); Wednesday: May 1st MBA Mortgage Applications (N/A, -1.6%), April ADP Employment Change (120k, 62k); Thursday: May 2nd Initial Jobless Claims (205k, 189k), March Construction Spending MoM (0.3%, -0.3%); Friday: April Change in Nonfarm Payrolls (62k, 178k), April Unemployment Rate (4.3%, 4,3%), May Preliminary University of Michigan Sentiment (49.4, 49.8), March Final Wholesale Inventories MoM (1.4%, 1.4%).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	49,499.27 (0.55%)	Strong Sectors:	Communication Services, Energy, Financials
S&P 500®	7,230.12 (0.92%)		
S&P MidCap 400®	3,639.84 (-0.03%)	Weak Sectors:	Materials, Info Tech, Industrials
S&P SmallCap 600®	1,672.78 (0.83%)		
Nasdaq Composite®	25,114.44 (1.12%)	NYSE Advance/Decline:	1,519 / 1,299
Russell 2000®	2,812.82 (1.00%)	NYSE New Highs/New Lows:	317 / 80
		AAII Bulls/Bears:	38.1% / 39.7%

Stocks rose again last week, measured by the S&P 500, to post the fifth consecutive weekly gain in 2026. The index gained 0.92% driven by strength in the communication services sector, led by **Alphabet Inc**. Technology stocks were among the top performers in the index as chipmakers **Seagate, NXP, Intel, Qualcomm,** and **SanDisk** all posted double-digit gains last week. Energy stocks were the second-best group in the S&P 500 last week. On Friday, US crude oil fell from $108 to $102 a barrel as Iran signaled it is ready to continue diplomatic efforts to avoid further conflict in the region. President Trump said he would prefer not to take further military action against Iran in remarks on Friday. On Wednesday, the Federal Open Market Committee held its benchmark rate steady in an 8-4 vote. Of the four dissenters, one voted to lower the rate while the three others agreed with the level of the rates but not the timing of future rate decisions. Minneapolis Fed President Neel Kashkari said "the FOMC should offer a policy outlook that signals that the next rate change could be either a cut or a hike." The market shrugged off the interest rate and geopolitical uncertainty and looked to strong corporate earnings that fueled the weekly rally. In the S&P 500, 81% of companies exceeded their first quarter estimates. A resilient consumer has helped prop up earnings along with technology companies continuing to exhibit earnings growth. More earnings are on tap next week. **Berkshire Hathaway** reported earnings that were modestly above analyst expectations on Saturday. New CEO Greg Abel commented on the conglomerate's growing cash pile saying, "There will be dislocations in markets that will allow us to act." Monday kicks off the next wave of releases as129 companies in the S&P 500 are set to report quarterly results. On the economic calendar, trade data, factory orders, building permits, and employment data are all set for release.