

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.670 (0.8 bps)	Bond Buyer 40 Yield:	4.63 (-17 bps)
6 Mo. T-Bill:	3.741 (-0.7 bps)	Crude Oil Futures:	87.36 (-10.24)
1 Yr. T-Bill:	3.768 (-6.7 bps)	Gold Spot:	4,538.75 (30.20)
2 Yr. T-Note:	4.004 (-11.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.050 (-12.1 bps)	U.S. High Yield:	7.30 (-12 bps)
5 Yr. T-Note:	4.141 (-11.7 bps)	BB:	6.16 (-10 bps)
10 Yr. T-Note:	4.435 (-12.2 bps)	B:	7.68 (-13 bps)
30 Yr. T-Bond:	4.972 (-9.2 bps)		

Treasury yields pulled back this week, driven by softer-than-expected PCE inflation data and reports of a tentative US-Iran ceasefire extension that could reopen the Strait of Hormuz. The 10-year yield fell to 4.435%, down from a 16-month high of 4.70% hit earlier this month. The softer PCE reading was consistent with April consumer spending data, which held up well and outpaced inflation, though the income picture was more concerning, as personal income was flat on the month and fell 0.5% including prior revisions, marking the second time in three months it has stalled. On the growth front, Q1 GDP was revised down to a 1.6% annual rate, missing the prior estimate and consensus of 2.0%, though "core" GDP, which combines personal consumption, business investment, and homebuilding, came in at a stronger 2.4%. New home sales fell 6.2% in April to a 622,000 annual rate, remaining on the softer end of pre-pandemic levels. The Iran War has added headwinds through higher energy prices and inflation, pushing mortgage rates up roughly 40 basis points and keeping Fed rate cuts on hold, though new home prices trending lower in recent years provide some offset. On a brighter note, durable goods orders surged 7.9% in April, beating the consensus estimate of 4.0%, and are up 17.2% from a year ago. Excluding transportation, orders rose 1.1% for the month and are up 9.1% year-over-year, also topping expectations. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: May final S&P Global US Manufacturing PMI (55.3, 55.3), May ISM Manufacturing (53.0, 52.7), April Construction Spending MoM (0.2%, 0.6%); Wednesday: May 29<sup>th</sup> MBA Mortgage Applications (N/A, -8.5%), May ADP Employment Change (120k, 109k), April Factory Orders (4.5%, 1.5%), May ISM Services Index (53.8, 53.6), April final Durable Goods Orders (7.9%, 7.9%), Thursday: May 30<sup>th</sup> Initial Jobless Claims (213k, 215k); Friday: May Change in Nonfarm Payrolls (85k, 115k), May Unemployment Rate (4.3%, 4.3%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	51,032.46 (0.91%)	Strong Sectors:	Information Technology, Consumer Disc. Materials
S&P 500®	7,580.06 (1.44%)	Weak Sectors:	Energy, Consumer Staples, Utilities
S&P MidCap 400®	3,725.13 (1.43%)	NYSE Advance/Decline:	1,632 / 1,195
S&P SmallCap 600®	1,684.54 (0.86%)	NYSE New Highs/New Lows:	267 / 104
Nasdaq Composite®	26,972.62 (2.39%)	AAll Bulls/Bears:	35.6% / 41.9%
Russell 2000®	2,919.34 (1.77%)		

Stocks, measured by the S&P 500, closed at an all-time high last week, continuing the upswing for the ninth consecutive week. Since the low in March, the index rallied almost 20%. Last week, the 1.4% gain was led by technology names, which comprise almost the same weight as the next four sectors combined. On Thursday, **Dell Technologies** gained more than 30% on a positive outlook for annual sales that blew past analyst estimates. The company has seen ever-increasing demand for its servers that power artificial intelligence. Six of the top 10 best-performing names in the S&P 500 index were information technology companies with weekly gains of over 20%. Consumer discretionary names also trended higher last week. Led by electronics retailer **Best Buy**, the company reported quarterly results that exceeded expectations and noted demand for consumer electronics held up amid inflation and increasing gas prices. Geopolitical disruption has been a long-standing theme in the markets since the Iran conflict started earlier this year. On Friday, President Trump said he will make a "final determination" on a preliminary ceasefire with Iran. Both countries have signaled progress, as the standoff has persisted. The oil markets reacted favorably to the ceasefire news as crude moved lower by over 9% last week to under \$88 a barrel, a level not seen since last April. Looking ahead to next week, economic releases on durable goods, payrolls, and factory orders are all set for release.

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