

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.889 (0.8 bps)	GNMA (30 Yr) 6% Coupon:	108-00/32 (3.59%)
6 Mo. T-Bill:	2.064 (-1.6 bps)	Duration:	3.99 years
1 Yr. T-Bill:	2.247 (-4.2 bps)	Bond Buyer 40 Yield:	3.98 (-5 bps)
2 Yr. T-Note:	2.476 (-7.1 bps)	Crude Oil Futures:	67.88 (-3.40)
3 Yr. T-Note:	2.608 (-10.4 bps)	Gold Spot:	1,302.25 (+9.21)
5 Yr. T-Note:	2.765 (-12.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.931 (-12.5 bps)	U.S. High Yield:	6.54 (+1 bp)
30 Yr. T-Bond:	3.092 (-10.5 bps)	BB:	5.38 (+1 bps)
		B:	6.80 (+2 bps)

U.S. Treasury markets rallied last week, with investors flocking to safe haven assets as concerns mounted over the make-up of the new Italian government, the sudden plunge in oil prices, and the resurgence of animosity between Washington, DC and Pyongyang. Yield on the U.S. 30-year Treasury fell 11.8 basis points to 3.10%, which was the largest weekly drop since July 2016. President Donald Trump cancelled the June 12<sup>th</sup> meeting with North Korean dictator Kim Jong Un on Thursday last week amid increasing tensions and hostilities from the rogue nation, but quickly reversed course in a Friday morning tweet revealing a renewed sense of hope that a meeting would take place in the near future. Existing home sales declined 2.5% in April, down 1.4% from a year ago, as a lack of available listings weighed on activity. The report indicated that available units are at the lowest level for April since records began in 1999. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: May Conf. Board Consumer Confidence (128.0, 128.7); Wednesday: May 25 MBA Mortgage Applications (N/A, -2.6%), May ADP Employment Change (185k, 204k), 1Q S GDP Annualized QoQ (2.3%, 2.3%), April Preliminary Wholesale Inventories MoM (N/A, 0.3%); Thursday: May 26 Initial Jobless Claims (230k, 234k), April Personal Income (0.3%, 0.3%), April Personal Spending (0.4%, 0.4%), May Chicago Purchasing Manager (58.0, 57.6); Friday: May Change in Nonfarm Payrolls (190k, 164k), May Unemployment Rate (3.9%, 3.9%), May Final Markit US Manufacturing PMI (N/A, 56.6), May ISM Manufacturing (58.0, 57.3), April Construction Spending MoM (0.8%, -1.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,753.09 (0.18%)	Strong Sectors:	Utilities, Real Estate
S&P 500:	2,721.33 (0.33%)		Cons. Discretionary
S&P Midcap:	1,946.87 (0.21%)	Weak Sectors:	Financials, Materials
S&P Smallcap:	1,004.64 (0.56%)		Energy
NASDAQ Comp:	7,433.85 (1.09%)	NYSE Advance/Decline:	1,701 / 1,373
Russell 2000:	1,626.93 (0.03%)	NYSE New Highs/New Lows:	302 / 158
		AAll Bulls/Bears:	38.6% / 25.2%

Equities were up slightly last week as the S&P 500 returned 0.33%, Dow Jones Industrial Average 0.18% and the NASDAQ Composite 1.09%. The S&P 500 Energy index returned -4.5%, the worst performing sector last week. Many of the losses in the sector came on Friday after Saudi Oil Minister Khalid Al-Falih said OPEC and its allies were "likely" to boost output this year. This sent oil down to \$67.76 from a Monday high of \$72.24. The yield on the 10 year U.S. Treasuries fell from 3.11% the prior week, down to 2.83% at the close on Friday. This rally in Treasuries helped fuel returns in the interest rate sensitive Utility and Real Estate sectors. Thursday, geopolitical risks spiked after President Trump announced he had cancelled the political summit planned for June 12<sup>th</sup> with North Korean Dictator Kim Jong Un. President Trump stated that he felt "...it is inappropriate, at this time, to have this long-planned meeting." The S&P 500 ended Thursday down slightly after rallying from early session lows. President Trump also signed into law a rollback of the financial industry regulations known as Dodd-Frank. The deregulation will lift some onerous rules that afflicted many community banks. **Williams-Sonoma Inc.** closed last week up over 8.8% after they reported earnings above expectations, same store sales increased 5.5% and success continues in their ecommerce business which is now over 50% of their total sales. **Ralph Lauren Corp.** rallied nearly 19% last week after sales topped expectations, margins grew and foreign exchange costs improved. **Lowe's Companies Inc.** soared over 10% after they announced Marvin Ellison as their new CEO. Mr. Ellison was Chief Executive of **J.C. Penny Co. Inc.**, which returned -11.8% last week after they announced his departure. Looking ahead to next week, geopolitical risk likely remains elevated, not only between U.S. and North Korean summit, but also in Europe as Spain holds a no-confidence vote of their Prime Minister, Italy is due to appoint several new government leaders and Turkey continues to deal with power struggles that have resulted in the Turkish Lira's 16% slide this month.

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