

THE WEEK IN REVIEW

U.S. equities edged higher for the week led by the NASDAQ as technology shares rallied. International stocks were slightly lower with the MSCI EAFE Index down over 1.0% on the week. U.S. oil prices declined from their recent peak of more than \$72 per barrel after OPEC stated they were likely to boost output in the second half of the year. Some have suggested Saudi Arabia has sought to boost oil prices ahead of its Saudi Aramco IPO in order to secure a higher valuation.

Sales of previously owned U.S. homes declined last month, as inventory shortages and rising prices continue to weigh on the market. Existing home sales fell 2.5% in April from the prior month to a seasonally adjusted annual rate of 5.46 million units, the National Association of Realtors announced on Thursday. Compared with a year earlier, sales in April were down 1.4%, the second consecutive month sales declined on an annual basis. On Wednesday, the Commerce Department announced new home sales dropped 1.5% to a seasonally adjusted annual rate of 662,000 units last month. March's sales pace was revised down to 672,000 units from the previously reported 694,000 units.

Following the decline in home sales, consumer sentiment was lower in May. The University of Michigan Consumer Sentiment Survey declined to 98.0 from 98.8 as households assessed higher costs for vehicles and houses. Consumers anticipated income gains of 1.6%, down from 2.2% in April.

In the fixed income market, spreads between investment grade and junk-rated debt have continued to narrow as investors add to the distressed debt. CCC-rated and lower credit currently trades at the tightest spread since 2014, prior to the collapse in the oil market. Some market commentators and analysts contend junk bonds may be mispriced even if defaults are contained.

Orders for long-lasting manufactured goods fell in April amid weaker demand for aircraft, but a key category that tracks business investment rose after sliding in March. Orders for durable goods, products designed to last at least three years, declined 1.7% from the prior month to a seasonally adjusted \$248.5 billion in April. The decline was led by a 29% decrease in the volatile civilian-aircraft segment, but new orders for nondefense capital goods excluding aircraft rose 1.0% in April, offsetting a March decline.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Initial Jobless Claims (Thousands)	234	218	▲
U. of Mich. Consumer Sentiment	98.0	99.7	▼
Durable Goods Orders	-1.7%	-4.2%	▲
Existing Home Sales (Millions Annualized)	5.5	5.4	▲
New Home Sales (Thousands Annualized)	662	633	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	24753.09	0.15%	0.14%	17.41%
NASDAQ	7433.86	1.08%	7.68%	19.80%
S&P 500 Large Cap	2721.33	0.31%	1.78%	12.68%
MSCI EAFE	2023.03	-1.19%	-1.35%	6.90%
Barclays Aggregate US	2000.66	0.51%	-2.23%	-0.82%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.89%	1.84%	0.92%
10-Year Treasury	2.93%	3.03%	2.26%

REPORTS DUE NEXT WEEK	LATEST
GDP (QoQ Annualized)	2.3%
Initial Jobless Claims (Thousands)	234
ISM Manufacturing	57.3%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.