



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks were mixed last week with bonds under pressure across major indexes. Memorial Day shortens trading this week and the corporate calendar is light. Economic releases include the second revision of 1Q GDP on Friday, plus personal income and durable goods orders.

- Economic Update:** Economic data was generally mixed last week with existing home sales up 6.1% y/y, and both housing starts and permits up to the 1.1 million level, more signs that the housing recovery is finally taking hold. Regional manufacturing surveys continue to be weaker and the headline Consumer Price Index decline 0.2%, while the Core CPI came in at 1.8% y/y.
- Another Greek Deadline:** Greece faces another payment deadline on June 6th, but this time they are hinting that the payment will be missed but negotiations are ongoing. Spain's local elections also saw huge gains by anti-austerity parties.
- Fed on Track says Yellen:** Last week's core CPI reading came in at 1.8%, close to the Fed target of 2.0%. Chairmen Yellen said last week the Fed "remains on track" for an interest rate hike later in the year.
- 1st Quarter GDP:** Despite Fed confidence in the improving economy, many analysts are suggesting the revision to 1Q GDP could come in negative on Friday, with the initial reading of just 0.2% growth.
- Mega Merger:** Cable giants Charter Communications and Time Warner have announced a \$55 billion merger over the weekend, forming the 2nd largest cable company. Unlike the Comcast attempt to buy Time Warner, it is likely to receive regulatory approval.
- Due for Correction?:** Deutsche Bank notes that we have not had a 5% S&P 500 correction this year. Historically we have had one every year since 1960, except for 1964, 1993, and 1995.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-0.48	-1.21	0.38
Barclays High Yield Bond	-0.01	1.34	3.90
Barclays Glb Agg Bond	-1.71	-0.53	-2.44
JPM Emerging Mkts Bond	0.04	1.87	3.97
S&P Equity 500 Index	0.21	3.12	4.10
Russell 3000 All Cap Index	0.28	2.67	4.52
Russell 2000 Small Cap Index	0.69	0.10	4.42
NASDAQ Composite	0.86	4.03	7.97
S&P Global BMI	-0.14	4.46	7.33
MSCI EAFE Index	-0.62	5.48	10.63
MSCI EAFE Small Cap	-0.97	7.39	13.36
MSCI Emerging Markets	-0.50	6.77	9.17

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