US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.06 (unch.)	GNMA (30 Yr) 6% Coupon:	114-13/32 (1.47%)
6 Mo. T-Bill:	0.21 (+07 bps)	Duration:	3.87 years
1 Yr. T-Bill:	0.36 (+05 bps)	Bond Buyer 40 Yield:	4.37 (-02 bps)
2 Yr. T-Note:	0.72 (+06 bps)	Crude Oil Futures:	43.87 (-3.25)
3 Yr. T-Note:	1.05 (+08 bps)	Gold Futures:	1,094.10 (-0.80)
5 Yr. T-Note:	1.57 (+04 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.16 (-02 bps)	U.S. High Yield:	7.40% (+16 bps)
30 Yr. T-Bond:	2.82 (-09 bps)	BB:	5.54% (+15 bps)
		B:	7.40% (+23 bps)

Friday's U.S. employment report reinforced expectations of the Federal Reserve raising key interest rates next month and shorter-term bonds sold off accordingly. The yield curve has flattened this year as investors expect near-term rates to rise and have preferred longer dated bonds as a result. Commodities continued their slide this week and oil is now under $44/barrel; off $15/barrel since its June 30, 2015 closing price (a 26% decline). Last Monday, Personal income rose .4% in June, coming in ahead of consensus expectations of a .3% increase. Personal consumption rose .2% in June – in line with expectations. Consumer prices were up .2% in June but excluding energy and food were up only .1%. ISM manufacturing declined in July, and while it showed the economy still expanding, it disappointed relative to expectations. However, the ISM non-manufacturing report rose and beat consensus expectations handily. July's report represents 66 consecutive months of expansion for non-manufacturing activity. The trade deficit was higher than expected and exports lower. The strengthening of the dollar has made exports more expensive globally and so this is not unexpected and in the first half of 2015 U.S. exports are down 3% compared with the same period in 2014. Friday's previously mentioned jobs report was in-line with expectations. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: July Wholesale Inventories (0.4%, -.4%); Wednesday: prior week MBA Mortgage Applications; Thursday: July Retail Sales (.6%, +.9%) and prior week Initial Jobless Claims (270K, unch); Friday: July PPI Final Demand (.1%, -.3%), July Industrial Production (.3%, unch) and University of Michigan preliminary August sentiment report (93.6, +.5).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	17373.38 (-1.65%)	Strong Sectors:	Utilities, Financials,
S&P 500:	2077.57 (-1.18%)		Cons. Staples
S&P Midcap:	1488.16 (-0.95%)	Weak Sectors:	Energy, Info Tech,
S&P Smallcap:	701.21 (-1.58%)		Cons. Discretionary
NASDAQ Comp:	5043.544 (-1.58%)	NYSE Advance/Decline:	1,138 / 2,099
Russell 2000:	1206.899 (-2.54%)	NYSE New Highs/New Lows:	215 / 555
		AAII Bulls/Bears:	24.3% / 31.7%

The S&P 500 fell 1.18% for the week as investors became increasingly concerned that interest rates will soon rise. Year-to-date, the S&P 500 has returned 2.14%, trades at a P/E ratio of 18.34 and has a dividend yield of 2.05%. As of Friday's close, the S&P 500 is 2.5% below its record close set on May 21st. In addition to interest rates weighing on markets, Oil dropped 6.90%, closing the week at $43.87 per barrel. West Texas Intermediate nearly reached its 52-week low of $43.46 set on March 17th. In addition, markets were disappointed by poor earnings reports specifically within media companies. Despite beating analyst estimates, **Disney** significantly disappointed investors and saw its shares drop 8.88% during the week. Prior to last week, Disney investors saw shares rise more than 27% for the year, as investors eagerly awaited the return of Star Wars. However on Tuesday, the company delivered bad news announcing ESPN had seen subscriber losses as consumers increasingly "cut the cord" or opted for less expensive cable packages. Year-to-date, shares in Disney have still returned 16.76%. Joining Disney in their drop last week were **Comcast** and **Time Warner**, shares in the two companies dropped 5.75% and 8.98%, respectively. One of last week's biggest winners was embattled diet shake maker, **Herbalife**, which saw shares climb 18.20%. The company significantly outperformed sales and earnings expectations while raising 2015 guidance. This week marks the fifth week of earnings season, major companies reporting include, **Symantec**, **Cisco Systems**, **Kohl's**, **Nordstrom** and **Hertz**. Finally, **Houlihan Lokey**, an investment bank, will make its publicly traded debut on Wednesday.