

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (-01 bps)	GNMA (30 Yr) 6% Coupon:	111-09/32 (1.73%)
6 Mo. T-Bill:	0.04 (-02 bps)	Duration:	3.63 years
1 Yr. T-Bill:	0.14 (-02 bps)	30-Year Insured Revs:	158.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.35 (-04 bps)	Bond Buyer 40 Yield:	5.18% (-06 bps)
3 Yr. T-Note:	0.62 (-05 bps)	Crude Oil Futures:	97.38 (+1.18)
5 Yr. T-Note:	1.44 (-13 bps)	Gold Futures:	1594.10 (+52.50)
10 Yr. T-Note:	2.90 (-12 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.25 (-03 bps)	BB, 7-10 Yr.:	6.47% (unch.)
		B, 7-10 Yr.:	7.65% (-03 bps)

Treasury prices climbed for a second straight week as the European debt crisis continued and Moody's and S&P discussed downgrading US government ratings if the debt ceiling is not adequately raised. Prices were higher Monday and Tuesday on continued European debt fears as Ireland became the latest country to have its credit rating cut to junk. Little change was seen on Wednesday as President Obama spoke on the necessity of a budget resolution and Fed Chairman Bernanke confirmed that there are no longer plans for QE3. Friday's gains recovered all of Thursday's losses as investors continued to weigh the US budget deadline and June's CPI Ex Food and Energy was reported at 0.3% MoM, above the anticipated 0.2%. Year over year CPI came in exactly in line at 3.6%. June PPI fell more than expected on a MoM basis at -0.4% versus consensus expectations of -0.2%. Year over year it was up 7.0% against the predicted 7.4%. Retail sales ex auto and gas grew 0.2% compared to the projected 0.4%. The Empire Manufacturing Index rose to -3.79 but was lower than the expected 5.00. Industrial Production increased 0.2% versus the projected 0.3%. Major economic reports (and related consensus forecasts) for next week include: Tuesday: June Housing Starts (575,000, +2.7% MoM) and June Building Permits (595,000, -2.3% MoM); Wednesday: June Existing Home Sales (4.95 million, 2.9% MoM); Thursday: Initial Jobless Claims (410,000), June Leading Indicators (0.2%) and July Philadelphia Fed Index (3.5).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12479.73 (-177.47, -1.40%)	Strong Sectors:	Oil & Gas, Utilities, Basic Materials
S&P 500:	1316.14 (-27.66,-2.06%)	Weak Sectors:	Financials, Industrials, Telecom
S&P MidCap:	976.11 (-28.87,-2.87%)	NYSE Advance/Decline:	774 / 2,403
S&P Small Cap:	445.89 (-11.99,-2.62%)	NYSE New Highs/New Lows:	166 / 91
NASDAQ Comp:	2789.80 (-70.01,-2.45%)	AAll Bulls/Bears:	39.3% / 29.3%
Russell 2000:	828.78 (-23.79,-2.79%)		

Investors decided to lessen their exposure to risk this week as news that credit agencies may downgrade US debt and continued European woes made investors nervous. While analysts have revised their earnings estimates lower for eleven weeks in a row, second-quarter profits are still expected to rise 11.8% from a year ago. **Alcoa** started this quarter's earnings season off by reporting that their second-quarter profit more than doubled, however the shares dropped after their earnings per share fell short of expectations. Shares of **Google** climbed almost 13% on Friday after the company's second-quarter earnings easily surpassed analysts' expectations on strong revenues. Strong results from their investment-banking division propelled net income 13% from a year ago at **JPMorgan Chase**. Higher investment-banking fees also led to a large profit rise at **Citigroup**, however the shares declined after the company told investors that expenses will be higher than expected through the end of the year. Billionaire investor Carl Icahn offered to buy the shares of **Clorox** that he doesn't already own for \$76.50 per share in cash causing the stock to advance almost 9% on Friday. The world's largest mining company, **BHP Billiton**, agreed to acquire **Petrohawk Energy Corp.** for about \$12.1 billion in cash to gain exposure to shale oil and gas assets in Texas and Louisiana. The mining equipment maker **Joy Global Inc.** expanded their footprint in China by agreeing to purchase the Chinese company **International Mining Machinery Holdings** for close to \$600 million. Looking ahead to the coming week, investors will be focused on whether or not Washington can make any progress in debt talks. **Halliburton, IBM, Bank of America, Goldman Sachs, Apple** and **UnitedHealth Group** are among the companies due to report earnings this week.