US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.28 (+02 bps)	GNMA (30 Yr) 6% Coupon:	114-11/32 (1.22%)
6 Mo. T-Bill:	0.37 (+03 bps)	Duration:	3.83 years
1 Yr. T-Bill:	0.47 (+02 bps)	Bond Buyer 40 Yield:	3.72 (-02 bps)
2 Yr. T-Note:	0.61 (+02 bps)	Crude Oil Futures:	45.23 (-3.76)
3 Yr. T-Note:	0.70 (+01 bps)	Gold Spot:	1,366.33 (+24.98)
5 Yr. T-Note:	0.95 (-05 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.36 (-09 bps)	U.S. High Yield:	7.25% (-22 bps)
30 Yr. T-Bond:	2.10 (-13 bps)	BB:	5.10% (-19 bps)
		B:	7.34% (-20 bps)

The Treasury yield curve flattened over the course of the week as short-term yields rose on strong jobs numbers and increased expectations of a rake hike. Yields began the week plunging to all-time lows on Tuesday as fears over the United Kingdom's vote to leave the European Union re-emerged and caused investors to seek the perceived safety of government debt, with long-term yields falling the most. Treasury yields then rebounded slightly on Wednesday and Thursday, which the exception of the 30-year yield dropping slightly both days. On Thursday, Initial Jobless Claims fell to a 3-month low and private-sector employment picked up slightly in June. The official jobs report on Friday significantly beat expectations, which renewed suggestions that the economy is growing at a moderate pace and the Federal Reserve may revisit increasing interest rates sooner than expected. Short-term treasury yields rose as they are most sensitive to changes in the federal-funds rate, however, long-term treasury yields fell. Oil also dropped 8% throughout the week. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: May Wholesale Inventories (0.2% MoM); Wednesday: July 8th MBA Mortgage Applications; Thursday: July 9th Initial Jobless Claims (265,000), June PPI Final Demand (0.3% MoM, -0.1% YoY); Friday: June Retail Sales Advance (0.1% MoM), June CPI (0.2% MoM, 1.1% YoY), July Empire Manufacturing (5.00), June Industrial Production (0.2% MoM), July Preliminary U. of Michigan Sentiment (93.0).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	18,146.74 (1.16%)	Strong Sectors:	Consumer Discretionary, Health Care, Info Tech
S&P 500:	2,129.90 (1.33%)		
S&P Midcap:	1,520.42 (1.36%)	Weak Sectors:	Energy, Telecom, Utilities
S&P Smallcap:	722.40 (1.74%)		
NASDAQ Comp:	4,956.76 (1.96%)	NYSE Advance/Decline:	2,073 / 1,067
Russell 2000:	1,177.36 (1.80%)	NYSE New Highs/New Lows:	564 / 65
		AAII Bulls/Bears:	31.1% / 26.7%

Last week the S&P 500 Index opened lower on Tuesday after the Independence Day holiday, but rallied for the rest of the week. The index posted a 1.33% return for the week and has gained 5.45% YTD as we start the second half of 2016. Concerns over global growth and prolonged financial turbulence due to the "Brexit" vote kept stocks at bay during the beginning of the week. This fear subsided at the Wednesday open as stocks rallied for the rest of the week. Stocks and commodities rallied Friday and two-year Treasuries slumped as strength in the June jobs report showed the US economy is still strong. Oil closed the week at $45.41 a barrel, decreasing -7.31% from the previous week. The decline in oil price is the biggest weekly decline in five months. Eight of the ten economic sectors had positive performance for the week. The consumer discretionary sector was the best performing sector with a 2.32% return. The health care and information technology sectors followed with 2.02% and 1.78% returns, respectively. The energy sector -1.12% return was the worst performance of all the sectors and was followed by telecommunication services at -0.13%. **NVIDIA Corp**, a graphics processor manufacturer, turned in the best performance in the S&P 500 Index with a 8.98% gain. The company unveiled a highly anticipated new product that will be on sale mid-July. The next two best performers were **Viacom Inc** and **Synchrony Financial** with returns of 8.84% and 7.73%, respectively.