US Economy and Credit Markets

3 Mo. T-Bill:	0.26 (+01 bps)	GNMA (30 Yr) 6% Coupon:	114-12/32 (1.22%)
6 Mo. T-Bill:	0.34 (-03 bps)	Duration:	3.83 years
1 Yr. T-Bill:	0.45 (-03 bps)	Bond Buyer 40 Yield:	3.74 (-02 bps)
2 Yr. T-Note:	0.59 (-04 bps)	Crude Oil Futures:	48.99 (+1.35)
3 Yr. T-Note:	0.69 (-05 bps)	Gold Spot:	1,339.00 (+19.00)
5 Yr. T-Note:	1.00 (-08 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.44 (-12 bps)	U.S. High Yield:	7.47% (-19 bps)
30 Yr. T-Bond:	2.23 (-19 bps)	BB:	5.29% (-16 bps)
		B:	7.54% (-16 bps)

10-year Treasury note yields have fallen to near all-time record lows set in 2012 as markets digest the impact of Britain's positive vote on the referendum to withdraw from the European Union. Futures, according to Bloomberg, are now pricing in a greater than 50% chance that the Federal Reserve will leave rates unchanged until December of 2017. Gold was up during last week as investors sought safe assets. Last week's real GDP growth reading was released on Tuesday and was revised up to a 1.1% annual rate versus a prior estimate of 0.8% and original estimate of 0.5% versus consensus expectations of 1.0%. The largest positive contributions to the real GDP growth rate in Q1 came from consumer spending and home building. The weakest component of real GDP growth was business investment. On Wednesday, the May Personal Income numbers showed a .2% increase for the month which was slightly below expectations. Consumer prices were shown to increase .2% for the month overall and "real" consumption rose .3%. May Personal Spending was also reported and was shown to rise .4% which was in-line with expectations. Major economic reports (and related consensus forecasts) for the upcoming holiday shortened week include: Tuesday: May Factory Orders (-.9%, -2.8%) and May final Durable Goods Orders (-2.2%, unchanged); Wednesday: July 1st MBA Mortgage Applications and May Trade Balance (-$40B, -$2.6B) Thursday: June ADP Employment Change (156K) and prior week Initial Jobless Claims (265K, -3K); Friday: June Change in Non-Farm Payrolls (175K) and June Unemployment Rate (4.8%, +.1%).

US Equities

Weekly Index Performance:			Market Indicators:	
DJIA:	17,949.37	(+3.18%)	Strong Sectors:	Telecom, Utilities, Health Care
S&P 500:	2,102.95	(+3.27%)		
S&P Midcap:	1,500.20	(+2.99%)	Weak Sectors:	Materials, Info Tech, Financials
S&P Smallcap:	710.17	(+2.67%)		
NASDAQ Comp:	4,862.57	(+3.31%)	NYSE Advance/Decline:	2,504/ 653
Russell 2000:	1,156.77	(+2.67%)	NYSE New Highs/New Lows:	587/ 159
			AAII Bulls/Bears:	28.9% / 33.4%

After last week's Friday plunge and a continued sell-off on Monday, equity markets nearly recovered the previous two-day market swoon as policy makers continued to signal support in mitigating Brexit ramifications and U.S. manufacturing data showed signs of expansion. Potential for additional stimulus from central banks, strong consumer confidence and the highest ISM manufacturing reading since February 2015 left investors more sanguine that the global economy can avoid recession. In stock news, shares of **Nike Inc.** rose after reiterating 2017 sales guidance of mid-single digit top-line growth as the leader in athletic wear expects growth to accelerate this year. **Dow Chemical** announced plans to reduce headcount by 2,500 and shutter plants in North Carolina and Japan. Shares of **Mobileye NV** surged following the announcement that **BMW AG** and **Intel Inc.** are partnering with the camera-software company to bring self-driving cars to the market by 2021. In merger news, **Medtronic PLC** announced the acquisition of **HeartWare International** for $1.1 billion in cash. **Hersey Co.** declined a $107-per-share takeover offer from **Mondelez International**, a proposed stock and cash deal that would have created the world's largest candy company. Looking ahead, Friday's U.S. non-farm payrolls report will be a key report after May's report showed the weakest advance in nearly six years. Equity markets are likely to remain volatile due to uncertainty created by the Brexit vote as market turmoil could led to a shift in business sentiment. Earnings season is set to unofficially start July 11th with **Alcoa Inc**. Earnings are projected to decline by 5.4% in the second quarter, before recovering in the second half of 2016.