

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.26 (-06 bps)	GNMA (30 Yr) 6% Coupon:	114-08/32 (1.28%)
6 Mo. T-Bill:	0.37 (-06 bps)	Duration:	3.85 years
1 Yr. T-Bill:	0.49 (-04 bps)	Bond Buyer 40 Yield:	3.79 (-02 bps)
2 Yr. T-Note:	0.66 (-05 bps)	Crude Oil Futures:	41.60 (-2.59)
3 Yr. T-Note:	0.75 (-09 bps)	Gold Spot:	1,349.00 (+25.60)
5 Yr. T-Note:	1.03 (-09 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.45 (-11 bps)	U.S. High Yield:	7.14% (+18 bps)
30 Yr. T-Bond:	2.18 (-10 bps)	BB:	5.07% (+18 bps)
		B:	7.21% (+17 bps)

Treasuries strengthened last week as the US economy continued its Goldilocks style tepid growth. Oil prices exacerbated their slide amid high crude oil and fuel inventories. Tuesday's single-family home sales report for June was exceedingly positive with an increase of 3.5%, which was ahead of expectations. The median price of homes sold in June was also up 6.1% from a year ago. The new orders for durable goods report released Wednesday declined 4% in June. A decline in aircraft orders led the report lower as it was well below consensus expectations for a decline of 1.4%. Finally, on Friday, the first estimate for Q2 real GDP growth registered 1.2% at an annual rate, below the consensus expected 2.5%. In aggregate, personal consumption, business investment, and home building grew at a 2.7% annual rate in Q2 and the GDP price index increased at a 2.2% annual rate in Q2. Household purchases for Q2 were the brightest bit of economic information as they expanded 4.2% in the quarter. Business spending was a drag on GDP as inventories knocked 1.2% off of the Q2 GDP. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: Final July Markit US Manufacturing (52.9, unch.) and July ISM Manufacturing (53, -.2); Tuesday: June Personal Income (.3%, +.1%) and Personal Spending (.3%, -.1%); Wednesday: July 29 MBA Mortgage Applications, July ADP Employment Change (170K, -2K); Thursday: July 30 Initial Jobless Claims (265K, -1K), June Factory Orders (-1.9%, -1%) and Final June Durable Goods Orders (-4%, unch.); Friday: June Trade Balance (-\$43B, -1.9B), July Change in Non-Farm Payrolls (180K, -107K) and July Unemployment Rate (4.8%, -.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	18,432.24 (-0.75%)	Strong Sectors:	Information Technology,
S&P 500:	2,173.60 (-0.05%)		Health Care, Materials
S&P Midcap:	1,559.46 (0.48%)	Weak Sectors:	Energy, Consumer Staples,
S&P Smallcap:	743.98 (0.30%)		Utilities
NASDAQ Comp:	5,162.13 (1.23%)	NYSE Advance/Decline:	1,729/ 1,406
Russell 2000:	1,219.94 (0.58%)	NYSE New Highs/New Lows:	603 / 33
		AAll Bulls/Bears:	31.3% / 28.4%

Last week the S&P 500 Index closed slightly lower than the previous week. The index posted a -0.05% return for the week and has gained 7.66% YTD. The index returned a 3.69% gain for the month of July. The FOMC released the July statement on Wednesday. The statements outlined a more confident growth outlook due to consumer spending and raised the likelihood of a September rate increase. Oil continued to slide during the week as it entered bear market territory on Thursday; closing the week out at 41.60. Apple Inc. reported earnings after the bell on Tuesday and exceeded consensus estimates for both earnings and revenue. Investors seeking a safe haven for assets are facing headwinds as the four-week rally in stocks has elevated valuations. Three of the ten economic sectors had positive performance for the week. The information technology sector was the best performing sector with a 1.56% return. The health care and materials sectors followed with 0.33% and 0.12% returns, respectively. The energy sector -2.05% return was the worst performance of all the sectors and was followed by consumer staples at -1.44%. **Linear Technology Corp.**, an integrated circuits manufacturer, turned in the best performance in the S&P 500 Index with a 24.18% gain. The company announced it will be acquired by Analog Devices. The deal is expected to close in June of 2017. The next two best performers were **Garmin Ltd** and **State Street Corp.** with returns of 17.98% and 12.95%, respectively.