

| US Economy and Credit Markets | | | |
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| Yields and Weekly Changes: | | | |
| 3 Mo. T-Bill: | 0.046 (0.3 bps) | GNMA (30 Yr) 6% Coupon: | 110-12 ^{1/4} /32 (2.92%) |
| 6 Mo. T-Bill: | 0.046 (0.3 bps) | Duration: | 3.84 years |
| 1 Yr. T-Bill: | 0.061 (0.3 bps) | Bond Buyer 40 Yield: | 3.42 (0.01) |
| 2 Yr. T-Note: | 0.215 (-0.9 bps) | Crude Oil Futures: | 68.74 (6.42) |
| 3 Yr. T-Note: | 0.420 (-2.4 bps) | Gold Spot: | 1,817.57 (36.46) |
| 5 Yr. T-Note: | 0.800 (1.8 bps) | Merrill Lynch High Yield Indices: | |
| 10 Yr. T-Note: | 1.307 (5.2 bps) | U.S. High Yield: | 4.59 (-13 bps) |
| 30 Yr. T-Bond: | 1.917 (4.8 bps) | BB: | 3.55 (-10 bps) |
| | | B: | 5.18 (-13 bps) |

Treasury yields rose moderately on longer-term bonds over the course of the week as the Federal Reserve made comments at this week's annual Jackson Hole symposium. Early in the week, yields were mostly flat as investors speculated on the timing of the anticipated tapering process. Dallas Fed President Robert Kaplan said he would be open to changing his mind if there was evidence that Covid's delta variant was slowing the economy. However, evidence that daily new Covid cases are reaching a plateau and a growing number of government and private employer vaccine mandates have caused a softer demand for Treasuries and yields rose moderately. On Thursday, Kansas City Fed President Esther George said the economy has made substantial progress and they could begin to talk about backing off accommodative policy. Yields dropped on Friday when Fed Chairman Jerome Powell revealed that he was among the members that supported tapering later this year but was vague on when the Fed would make such a move. Two more regional Fed Presidents also discussed their support for tapering this year at the Jackson Hole event. Oil continued to move higher as the price rose 10% over the course of the week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: August MNI Chicago PMI (68.0, 73.4), August Conf. Board Consumer Confidence (123.0, 129.1); Wednesday: August 27 MBA Mortgage Applications (n/a, 1.6%), August ADP Employment Change (650k, 330k), August Final Markit US Manufacturing PMI (61.2, 61.2), July Construction Spending MoM (0.2%, 0.1%), August ISM Manufacturing (58.5, 59.5); Thursday: August 28 Initial Jobless Claims (346k, 353k), July Trade Balance (-\$73.4b, -\$75.7b), July Factory Orders (0.3%, 1.5%), July Final Durable Goods Orders (n/a, -0.1%); Friday: August Change In Nonfarm Payrolls (750k, 943k), August Unemployment Rate (5.2%, 5.4%).

| US Equities | | | |
|---------------------------|-------------------|--------------------------|--|
| Weekly Index Performance: | | Market Indicators: | |
| DJIA: | 35,455.80 (0.98%) | Strong Sectors: | Energy, Financials, Communication Services |
| S&P 500: | 4,509.37 (1.54%) | Weak Sectors: | Utilities, Consumer Staples, Health Care |
| S&P Midcap: | 2,767.06 (3.43%) | NYSE Advance/Decline: | 2,541 / 954 |
| S&P Smallcap: | 1,375.04 (4.10%) | NYSE New Highs/New Lows: | 301 / 178 |
| NASDAQ Comp: | 15,129.50 (2.82%) | AAll Bulls/Bears: | 39.6% / 33.0% |
| Russell 2000: | 2,277.15 (5.06%) | | |

Stocks rebounded last week as positive longer term catalysts outweighed short-term negative setbacks. Following the attacks in Kabul on Thursday, market participants took profits and drove down stock prices, measured by the S&P 500. The holding pattern was short lived, as investors interpreted comments from Federal Reserve Chairman Jerome Powell as dovish with regard to the central bank's plan to start gradually reducing bond purchases by the end of the year. The chairman noted the "clear progress" in the labor markets boosting investor confidence on Friday. Bank stocks sold off early in the day on Friday, before recovering to close out the week up over 3%. The Energy sector led the S&P 500 with a 7.4% return as oil climbed over 10% last week to close at just under \$69 a barrel. The jump in price comes as OPEC+ is expected to increase production after crude's price recovered from its July high of over \$75 a barrel. Another closely watched supply, the semiconductor and chip market, had management of **HP Inc** commenting how the shortage has impacted robust PC demand in the last quarter. Executives noted the company could not meet all its orders due to supply constraints. **Dell** also reported strong sales and profit, but investors took note after rival HP sent out a warning of continued disruptions in the market. Looking ahead to next week, various economic reports will kick off September. Jobs, durable goods orders, and home sales numbers are all set to release next week.

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