US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.033 (-1.3 bps)	GNMA (30 Yr) 6% Coupon:	110-14/32 (2.91%)
6 Mo. T-Bill:	0.043 (-0.3 bps)	Duration:	3.85 years
1 Yr. T-Bill:	0.061 (unch.)	Bond Buyer 40 Yield:	3.43 (-0.01)
2 Yr. T-Note:	0.206 (-0.9 bps)	Crude Oil Futures:	69.29 (0.55)
3 Yr. T-Note:	0.407 (-1.3 bps)	Gold Spot:	1,827.73 (10.16)
5 Yr. T-Note:	0.784 (-1.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.322 (1.5 bps)	U.S. High Yield:	4.61 (2 bps)
30 Yr. T-Bond:	1.942 (2.5 bps)	BB:	3.55 (unch.)
		B:	5.19 (1 bps)

The yield curve steepened last week with shorter-dated treasury yields falling and longer-dated treasury yields finishing higher for the week. Treasury yields were mixed throughout the week as investors waited intently for Friday's jobs report. Nonfarm payrolls increased 235,000 in August, much lower than the consensus expected 733,000. Professional and business services had the largest increase of 73,000, while restaurants & bars declined 42,000 due to headwinds from the Delta variant and college-age workers returning to school. Despite the big miss in the headline number, investors found bright spots in the jobs report. The unemployment rate in August fell to 5.2%, the lowest level since the beginning of the pandemic. Average hourly earnings are up 0.6% versus last month and are up 7.8% since the last pre-pandemic jobs report in February 2020. Labor participation continues to creep near pre-pandemic levels and will continue to increase as excess unemployment benefits dissipate. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include: Wednesday: September 3 MBA Mortgage Applications (n/a, -2.4%); Thursday: September 4 Initial Jobless Claims (340k, 340k), August 28 Continuing Claims (n/a, 2748k), September 5 Langer Consumer Comfort (n/a, 58.2); Friday: August PPI Final Demand MoM (0.6%, 1.0%), August PPI Final Demand YoY (8.2%, 7.8%), July Final Wholesale Inventories MoM (0.6%, 0.6%).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	35,392.29 (-0.14%)	Strong Sectors:	Real Estate, Info. Tech.,
S&P 500:	4,535.43 (0.62%)		Health Care
S&P Midcap:	2,760.55 (-0.20%)	Weak Sectors:	Materials, Energy,
S&P Smallcap:	1,369.73 (-0.36%)		Financials
NASDAQ Comp:	15,363.52 (1.57%)	NYSE Advance/Decline:	2,008 / 1,481
Russell 2000:	2,292.05 (0.68%)	NYSE New Highs/New Lows:	460 / 114
		AAII Bulls/Bears:	43.4% / 33.3%

The S&P 500 index closed at an all-time last week. Equities ground higher on news that the Dela variant of COVID-19 has started to fade in some of the hardest hit areas. August payroll numbers were announced Friday much weaker than expectations. Equities were resilient as the likelihood of the Federal Reserve tapering their balance sheet in 2021 is fading which might push back the timetable for the Fed raising rates in 2022. **Amazon.com** and **Affirm Holdings**, a leading 'buy now pay later' (BNPL) platform, announced a strategic partnership where Amazon will be offering an Affirm payment option at checkout. Affirm rallied 37.04% last week and Amazon 3.83%. The threat of new payment options on Amazon sent traditional credit cards in a tailspin last week as **Capital One Financial Corp.** returned -10.55%, **Synchrony Financial** returned -8.80%, **Discover Financial Services** returned -7.86% and **American Express Co.** returned -5.54%. **Wells Fargo** fell 11.32% last week after news that the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau warned the bank may face new sanctions given the pace of their existing restitution from violations of previous lending practices. Wells still has a cap imposed on their asset size and given the OCC and CFPB warnings this cap is likely going to stay for longer than previously expected. **Five Below Inc.** announced earnings in line with expectations but missed on revenue which led to the discount retailer falling 9.83% last week, despite record new store openings. **Chewy, Inc.** fell 12.89% last week after announcing earnings and revenue missed expectations and left investors worried about if customers will pay for pet product delivery post pandemic. Looking ahead to a Labor Day shortened trading week, equity markets will continue to look at the Covid-19 case and death rates for economic clues as to how bad this variant will be and how much economic activity will be hampered by it. We remain strong in our opinion that if you are investing in equities for the long run, stay invested and don't make rash decisions based on near term shocks as stocks remain a wealth creating asset class.