US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.183 (-2.8 bps)	Bond Buyer 40 Yield:	5.07 (1 bps)
6 Mo. T-Bill:	4.037 (-3.2 bps)	Crude Oil Futures:	63.66 (+0.86)
1 Yr. T-Bill:	3.868 (-4.8 bps)	Gold Spot:	3,371.86 (+35.67)
2 Yr. T-Note:	3.696 (-5.4 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.644 (-7.0 bps)	U.S. High Yield:	7.41 (-5 bps)
5 Yr. T-Note:	3.759 (-7.7 bps)	BB:	6.02 (-6 bps)
10 Yr. T-Note:	4.254 (-6,2 bps)	B:	7.36 (-7 bps)
30 Yr. T-Bond:	4.874 (-4.3 bps)		

Treasury yields fell across the board last week, reflecting growing expectations that the Fed may begin cutting rates as early as September. Fed Chair Jerome Powell stated that the steady unemployment rate and other labor market indicators give the Fed room to move cautiously as it considers policy changes. Homebuilding surprised to the upside in July, with starts rising 5.2% to the fastest pace in five months, though still only back to pre-COVID levels. The gain was driven largely by a 9.9% jump in volatile multi-family construction, while single-family starts rose a modest 2.8%, highlighting builders continued focus on multi-family projects in a tough rate environment. Meanwhile, building permits fell 2.8% in July to a 1.354 million annual rate, the slowest pace since 2019 outside the COVID shutdown. On the jobs front, initial jobless claims increased 11k to 235k, above the consensus estimate of 225k, with much of the increase tied to seasonal factors. Continuing claims surged to 1.972 million, 12k above the consensus estimate of 1.960 million, signaling softer hiring trends. Existing home sales rose 2.0% in July, beating expectations after June's nine-month low. Still, the 4.01 million pace remains near post-financial crisis lows and well below pre-COVID levels, though improving affordability could support a rebound ahead. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: July New Home Sales (630k, 627k); Tuesday: July Preliminary Durable Goods Orders (-3.9%, -9.4%), August Conference Board Consumer Confidence (96.5, 97.2); Wednesday: August 22 MBA Mortgage Applications (N/A, -1.4%); Thursday: 2Q S GDP Annualized QoQ (3.1%, 3.0%), August 23 Initial Jobless Claims (230k, 235k); Friday: July Personal Income: (0.4%, 0.3%), July Personal Spending (0.5%, 0.3%), July Preliminary Wholesale Inventories MoM (0.1%, 0.1%), August MNI Chicago PMI (46.0, 47.1), August Final University of Michigan Sentiment (58.6, 58.6).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	45,631.74 (1.59%)	Strong Sectors:	Energy, Real Estate, Financials
S&P 500®	6,466.91 (0.30%)		
S&P MidCap 400®	3,255.98 (2.66%)	Weak Sectors:	Information Technology, Comm Services, Cons Staples
S&P SmallCap 600®	1,442.77 (3.49%)		
Nasdaq Composite®	21,496.54 (-0.55%)	NYSE Advance/Decline:	2,241 / 589
Russell 2000®	2,361.95 (3.32%)	NYSE New Highs/New Lows:	260 / 57
		AAII Bulls/Bears:	30.8% / 44.8%

Stocks, as measured by the S&P 500, reversed course on Friday, rising more than 1.5% to finish the week up 0.30%. The index had traded lower in five of the previous six sessions amid uncertainty leading up to Federal Reserve Chair Jerome Powell's remarks at the central bank's annual conference in Jackson Hole, Wyoming. Powell said he is open to an interest rate cut next month but noted that rising risks in the labor market and potential tariff-induced inflation must be closely monitored. His comments came as President Trump increased pressure on the Fed to lower the federal funds rate, even threatening to remove Lisa Cook from the Federal Reserve Board of Governors. On Friday, the President announced that chipmaker **Intel** had agreed to give the U.S. government a 9.9% equity stake. Commerce Secretary Howard Lutnick said the goal of the investment is to "get a good return for the American taxpayer instead of just giving grants away." The deal follows negotiations with **Nvidia** and **Advanced Micro Devices**, in which the federal government secured 15% of revenue generated from sales of artificial-intelligence-related chips to China. The heightened focus on AI growth drivers has investors questioning the lofty valuations of some of the market's largest players. **Palantir Technologies**, an AI-driven software company, was the S&P 500's worst performer last week, falling more than 10%. **Meta Platforms**, the parent of Facebook and Instagram, slipped nearly 4%, while **Nvidia** also lagged the broader market. Looking ahead, key economic reports due next week include new home sales, home prices, consumer confidence, and personal spending.