

## US Economy and Credit Markets

### Yields and Weekly Changes:

3 Mo. T-Bill:	4.266 (-8.0 bps)	Bond Buyer 40 Yield:	5.06 (-9 bps)
6 Mo. T-Bill:	4.098 (-16.9 bps)	Crude Oil Futures:	67.33 (2.17)
1 Yr. T-Bill:	3.842 (-25.1 bps)	Gold Spot:	3,363.48 (26.18)
2 Yr. T-Note:	3.682 (-24.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.654 (-21.5 bps)	U.S. High Yield:	7.39 (8 bps)
5 Yr. T-Note:	3.757 (-20.0 bps)	BB:	6.21 (11 bps)
10 Yr. T-Note:	4.216 (-17.2 bps)	B:	7.63 (15 bps)
30 Yr. T-Bond:	4.822 (-10.8 bps)		

Treasury yields were mixed throughout the week before plummeting on Friday, following a weaker-than-expected jobs report that triggered a flight-to-safety. Earlier in the week, the Federal Reserve kept interest rates unchanged for the fifth consecutive meeting despite intense pressure from President Donald Trump to cut rates. During the press conference Federal Reserve Chairman Jerome Powell stated, "we have made no decisions about September", but markets are now pricing in a roughly 90% chance of a 25 basis point rate cut on September 17. In other economic news, real GDP grew at a 3.0% annual rate in Q2, beating the consensus expected 2.6%. The rebound is largely a byproduct of businesses front-running tariffs in Q1, as once the higher tariffs arrived businesses slowed orders from abroad and shifted some back to US producers. Personal income rose 0.3% in June, beating the consensus expected 0.2%. Personal consumption also increased 0.3%, beating the consensus expected 0.4%. The ISM Manufacturing Index declined 48.0 in July, falling short of the consensus expected 49.5. This marks the fifth consecutive month that the Index has been below 50 (signaling contraction) and continues a pattern that stretched throughout 2023 and 2024. Nonfarm payrolls increased 73,000 in July, well below the consensus expected 104,000. Payroll gains for May and June were revised down by 258,000, resulting in a net loss of 185,000 as stricter immigration laws are likely weighing-down the jobs numbers. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: June Factory Orders (-4.8%, 8.2%), June Final Durable Goods Orders (-9.3%, -9.3%); Tuesday: June Trade Balance (-\$61.6b, -\$71.5b), July ISM Services Index (51.5, 50.8); Wednesday: August 1 MBA Mortgage Applications (N/A, -3.8%); Thursday: August 2 Initial Jobless Claims (221k, 218k), June Final Wholesale Inventories MoM (0.2%, 0.2%).

## US Equities

### Weekly Index Performance:

### Market Indicators:

The Dow®	43,588.58 (-2.92%)	Strong Sectors:	Utilities, Comm. Services
S&P 500®	6,238.01 (-2.34%)		Cons. Staples
S&P MidCap 400®	3,104.60 (-3.52%)	Weak Sectors:	Health Care, Cons. Discretionary
S&P SmallCap 600®	1,323.05 (-3.93%)		Materials
Nasdaq Composite®	20,650.13 (-2.16%)	NYSE Advance/Decline:	882 / 1,961
Russell 2000®	2,166.78 (-4.16%)	NYSE New Highs/New Lows:	217 / 133
		AAll Bulls/Bears:	40.3% / 33%

The S&P 500 fell 2.34% experiencing its worst weekly return since May. Performance was broadly down as only the Utilities and Communication Services sectors finished the week with a positive return. Utilities were the best performing sector returning 1.56%. The sector was led higher by **Vistra Corporation** which rallied 8.25%. Vistra moved higher along with other electricity producers **NRG Energy Inc** and **Constellation Energy** which returned 7.33% and 4.10%, respectively. Electric utility providers caught interest following the release of the 2026/2027 PJM Capacity auction which saw the price cap increase 22% year over year due to unprecedented demand. This could lead to 1.5% to 5% bill increases for some ratepayers starting June 2026. The worst performing sector in the S&P 500 was the Materials sector which fell 5.40%. The worst performing company in the sector was **Eastman Chemical Company** which fell 24.93%. The chemical producer fell following the release of its 2<sup>nd</sup> quarter earnings. The firm missed on both the top and bottom line and provided 3<sup>rd</sup> quarter guidance about 35% lower than sell side estimates. Management cited tariffs and weakening customer demand for the negative outlook. The top performer in the S&P 500 overall was **Generac Holdings Inc** which returned 23.36%. The generator producer reported Q2 sales and earnings above estimates. In addition, the firm narrowed full year guidance after a strong 2<sup>nd</sup> quarter and tariff impacts being less than originally anticipated. On the opposite side of the spectrum the worst performer in the S&P 500 was **Align Technologies Incorporated** which plunged 33.59% following its earnings release. The dental technology manufacturer's sales and EPS results only missed estimates by a few percent but softer guidance and uncertain commentary from management weighed on the stock. Management noted economic uncertainty from tariffs and high financing costs for orthodontic treatments weighing on guidance. Following the firm's earnings release several sell side analysts cut price targets or downgraded the stock. Upcoming this week there will be plenty of news on the street as 123 companies in the S&P 500 are expected to report earnings results. Notable releases include: **Palantir Technologies**, **Caterpillar**, **Arista Networks**, and **Disney**.

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