US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	3.793 (1.3 bps)	Bond Buyer 40 Yield:	4.65 (5 bps)
6 Mo. T-Bill:	3.914 (-3.3 bps)	Crude Oil Futures:	82.49 (11.08)
1 Yr. T-Bill:	3.988 (-5.9 bps)	Gold Spot:	4,017.39 (-102.54)
2 Yr. T-Note:	4.177 (-3.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.215 (-2.8 bps)	U.S. High Yield:	7.41 (-3 bps)
5 Yr. T-Note:	4.278 (-2.7 bps)	BB:	6.29 (-3 bps)
10 Yr. T-Note:	4.547 (-1.4 bps)	B:	7.70 (-4 bps)
30 Yr. T-Bond:	5.069 (1.0 bps)		

Treasury yields were mostly lower as traders weighed a fresh batch of economic data against the escalating geopolitical tension in the Middle East. Following the collapse of the earlier ceasefire, the United States has continued its attacks against Iran, and U.S. forces have reimposed the naval blockade on Iranian ships attempting to pass through the Strait of Hormuz. Oil prices spiked and finished the week over $80 a barrel, yet treasuries were relatively muted after softer inflation readings and solid consumer spending reports. The Consumer Price Index (CPI) declined 0.4% in June, well below the consensus expected -0.1%, and is up 3.5% from a year ago. The Producer Price Index (PPI) declined 0.3% in June, well below the consensus expectation of no change, and is up 5.5% from a year ago. Retail Sales rose 0.2% in June, matching consensus expectations, as consumers closed out the first half of 2026 on solid footing. Housing starts rose 19.0% in June, easily beating consensus expectations, as starts rose in all four major regions. Industrial production increased 0.1% in June, narrowly lagging the consensus expected gain of 0.2%. The manufacturing sector was the biggest source of weakness in June, as it stalled for the first time this year despite a 0.6% increase in the volatile auto sector. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: June Leading Index (-0.1%, 0.1%); Wednesday: July 17 MBA Mortgage Applications (n/a, -2.7%); Thursday: July 18 Initial Jobless Claims (211k, 208k); Friday: July Preliminary S&P Global US Manufacturing PMI (54.5, 53.9), June New Home Sales (606k, 580k).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	52,146.42 (-0.93%)	Strong Sectors:	Energy, Real Estate, Consumer Staples
S&P 500®	7,457.69 (-1.55%)		
S&P MidCap 400®	3,775.17 (-0.12%)	Weak Sectors:	Info Tech, Comm Services, Industrials
S&P SmallCap 600®	1,776.30 (0.39%)		
Nasdaq Composite®	25,520.24 (-2.90%)	NYSE Advance/Decline:	1,508 / 1,325
Russell 2000®	2,962.22 (-0.50%)	NYSE New Highs/New Lows:	296 / 119
		AAII Bulls/Bears:	44.9% / 32.9%

Stocks finished lower last week, down about 1.5%, as measured by the S&P 500. Semiconductor names drove the sell-off, bringing the group into a bear market through the close on Friday. Demand for chips has benefited these companies' earnings through last quarter, but concerns over increased competition and possible overcapacity have caused the group to remain volatile since the beginning of July. The profit-taking from information technology and communication services names has happened multiple times this year; however, investors "buying the dip" are evaluating whether earnings and demand trends will continue at the same pace going into the second half of the year. Volatility was also prevalent in the energy sector as oil prices jumped on renewed tensions between the United States and Iran. The group, led by refiners **Valero Energy** and **Marathon Petroleum**, was among the top performers in the S&P 500, propelling the sector higher by 5% last week. The broadening out of the market also saw positive returns in real estate, consumer staples, and financial names. Notable financial institutions, including **JPMorgan**, **Bank of America**, and **Goldman Sachs**, all reported stellar earnings driven by record stock trading activity. Across the nation, several states reported exposure to a parasite traced to shredded iceberg lettuce. The Centers for Disease Control and Prevention said the outbreak could be traced to a single supplier, and the company is preparing to issue a recall of the affected ingredients. Shares of **Sweetgreen** fell over 25% through Thursday but rebounded over 13% on Friday after the contaminated lettuce was linked to Taco Bell's supply chain rather than Sweetgreen's. Looking ahead to next week, over 85 names in the S&P 500 are set to release quarterly earnings reports, along with economic releases on jobs and new home sales.