US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	3.898 (10.5 bps)	Bond Buyer 40 Yield:	4.80 (15 bps)
6 Mo. T-Bill:	4.040 (12.6 bps)	Crude Oil Futures:	89.31 (+6.82)
1 Yr. T-Bill:	4.105 (11.7 bps)	Gold Spot:	4,052.79 (+35.40)
2 Yr. T-Note:	4.331 (15.4 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.363 (14.8 bps)	US High Yield:	7.59 (18 bps)
5 Yr. T-Note:	4.426 (14.7 bps)	BB:	6.45 (17 bps)
10 Yr. T-Note:	4.677 (13.0 bps)	B:	7.88 (18 bps)
30 Yr. T-Bond:	5.157 (8.8 bps)		

Treasury yields pushed to year-to-date highs this week, with the 10-year note touching its highest level in 18 months. Oil was a significant factor, as prices broke above $100 a barrel Thursday after Houthi militants claimed attacks on two Saudi tankers in the Red Sea, increasing fears of a widening Iran conflict and further disruption to global crude supply. The renewed surge in energy prices threatens to reignite inflation, fueling speculation that the Fed could hike rates sooner than anticipated. Elsewhere, new home sales edged up 1.6% in June to a 628,000 annual rate but still left activity on the weak end of pre-pandemic levels. The Iran conflict has added fresh headwinds here too. Energy-driven inflation has pushed the average 30-year fixed mortgage rate up roughly 50 basis points since fighting began to its highest level of the year. On the labor front, initial jobless claims dropped 22,000 to 187,000 for the week ended July 18, the lowest level since September 1969. Continuing claims also beat expectations, coming in at 1.796 million versus 1.809 million forecast. The data reinforces a labor market marked by limited layoffs and modest hiring, keeping the Fed's attention on inflation rather than job-market weakness. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: June Preliminary Durable Goods Orders (1.8%, -4.5%); Tuesday: June Preliminary Wholesale Inventories MoM (0.5%, 0.1%), July Conference Board Consumer Confidence (92.0, 91.2); Wednesday: July 24th MBA Mortgage Applications (N/A, 1.9%), July 29th FOMC Rate Decision (Lower Bound) (3.75%, 3.75%); Thursday: June Personal Income (0.3%, 0.7%), June Personal Spending (0.3%, 0.7%), July 25th Initial Jobless Claims (200k, 187k), 2Q A GDP Annualized QoQ (2.1%, 2.1%); Friday: July MNI Chicago PMI (56.0, 56.7), July Final University of Michigan Sentiment (54.0, 54.4).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	51,947.26 (-0.35%)	Strong Sectors:	Energy, Utilities, Industrials
S&P 500:	7,411.98 (-0.60%)		
S&P Midcap:	3,783.86 (0.24%)	Weak Sectors:	Cons. Staples, Cons Disc., Comm. Services
S&P Smallcap:	1,761.47 (-0.83%)		
NASDAQ Comp:	24,975.82 (-2.13%)	NYSE Advance/Decline:	1,155 / 1,670
Russell 2000:	2,929.99 (-1.08%)	NYSE New Highs/New Lows:	175 / 212
		AAII Bulls/Bears:	29.6% / 42.3%

The S&P 500 closed out a volatile week essentially flat, giving back only a fraction of ground after Thursday's steepest single-day drop in a month and a Friday rebound that left the index with little more than a token loss. Renewed Middle East hostilities pushed Brent crude briefly above $100 a barrel after Houthi militants claimed attacks on two Saudi oil tankers in the Red Sea, reviving inflation concerns just days ahead of the Federal Reserve's July 29 decision. Sentiment soured further Thursday when **Alphabet** and **Tesla** both flagged sharply higher AI-related capital spending alongside disappointing quarterly results, triggering a broad selloff across megacap technology names, the Bloomberg Magnificent 7 index ended the week with a -5.7% return. Memory-chip makers led the week's advance after analyst warned of worsening data-center memory shortages and higher expected Q3 price increases, which fueled **Micron Technology**, **SanDisk**, **Western Digital** and **Seagate Technology** all returning more than 12% on Tuesday; **Advanced Micro Devices** rose 8% on Tuesday after Microsoft confirmed deployment of its Helios AI server racks, while **Apple** rallied 3% Friday to help cushion the broader market. **Tesla** fell roughly 14.5% Thursday, its worst session since March 2025, after a second-quarter earnings miss, negative free cash flow, and margin pressure tied to rising robotics and AI investment; **Alphabet** dropped about 7% the same day after lifting its 2026 capital-expenditure forecast to as much as $205 billion, pulling fellow hyperscalers **Microsoft**, **Meta Platforms**, and **Amazon** lower in sympathy. **Intel** beat second-quarter estimates but still slipped Friday as a broader semiconductor gauge sank 4.4% even as most of the index advanced, capping a jittery close to the week. Elsewhere on the earnings front, **Verizon Communications**, **American Express**, and **NextEra Energy** each topped profit estimates Friday but came up short on revenue, while **Comcast** and **RTX** both beat forecasts Thursday. **General Motors** added a rare industrial bright spot Tuesday, with stronger-than-expected quarterly results helping lift sentiment before the tech-led selloff took hold. Attention now turns to the Fed's rate decision, second-quarter GDP and earnings from **Microsoft**, **Meta Platforms**, and **Apple**, all due next week.