US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	3.751 (0.8 bps)	Bond Buyer 40 Yield:	4.54 (-4 bps)
6 Mo. T-Bill:	3.931 (1.5 bps)	Crude Oil Futures:	68.69 (-0.54)
1 Yr. T-Bill:	3.925 (1.1 bps)	Gold Spot:	4,176.94 (88.20)
2 Yr. T-Note:	4.137 (4.5 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.164 (7.3 bps)	U.S. High Yield:	7.42 (1 bps)
5 Yr. T-Note:	4.230 (10.2 bps)	BB:	6.29 (4 bps)
10 Yr. T-Note:	4.483 (11.4 bps)	B:	7.77 (-1 bps)
30 Yr. T-Bond:	4.985 (12.1 bps)		

Treasury yields ended the week sharply higher, with longer-duration yields rising more than shorter-duration yields. On Friday, a disappointing jobs report sent yields lower and tempered expectations for a rate hike later in the year. Nonfarm payrolls rose 57,000 in June, well short of the consensus expected gain of 113,000. Despite the softer-than-expected report, the US job market has clearly strengthened during the first half of 2026, adding an average of 92,000 jobs a month versus only 10,000 a month in 2025. The unemployment rate also edged down to 4.2% in June, though that could be attributed to a large decline in the labor force that outpaced the 507,000 decline in civilian employment. Earlier in the week, the ISM Manufacturing Index slipped to 53.3 in June, just below the consensus expected 53.9, but still marking the sixth consecutive month of expansion. Reshoring of production, the AI buildout, and favorable business tax incentives under the “Big Beautiful Bill” all appear to be giving the manufacturing sector significant tailwinds. Oil prices extended their decline after President Donald Trump said U.S. talks with Iran in Qatar are going well. Even with the recent flare ups, the oil market continues to take an optimistic view on a supply recovery in the Middle East as oil prices are now under $70 a barrel. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: June ISM Services Index (54.0, 54.5); Tuesday: May Trade Balance (-$78.5b, -$55.9b); Wednesday: July 3 MBA Mortgage Applications (n/a, 0.0%), May Final Wholesale Inventories MoM (0.3%, 0.3%); Thursday: July 4 Initial Jobless Claims (220k, 215k), June Existing Home Sales (4.20m, 4.17m).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	52,900.07 (1.99%)	Strong Sectors:	Comm. Services, Financials
S&P 500®	7,483.24 (1.78%)		Cons. Discretionary
S&P MidCap 400®	3,802.81 (-0.29%)	Weak Sectors:	Energy, Utilities
S&P SmallCap 600®	1,781.90 (-0.78%)		Real Estate
Nasdaq Composite®	25,832.67 (2.12%)	NYSE Advance/Decline:	1,658 / 1,178
Russell 2000®	2,996.11 (-0.42%)	NYSE New Highs/New Lows:	338 / 144
		AAII Bulls/Bears:	31.4% / 42.3%

The S&P 500 returned 1.78% last week through Thursday as the market was closed Friday in observance of Independence Day. The index was led higher by the Communications Services sector, which returned 4.97%. The sector was led higher by **Fox Corp,** which saw its Class A and Class B shares return 12.73% and 10.13%, respectively. Fox’s stock plunged recently after announcing the acquisition of **Roku Inc** in a pivot toward streaming. The television broadcaster caught a bid last week after Wolfe Research upgraded the firm from peer-perform to outperform positing that the ill received acquisition may actually offer a more dynamic multichannel growth story in the long term. The Communication Services sector also saw strength from the second largest company in the sector, **Meta Platforms**, which returned 5.93% after it was reported that the social media company was considering launching a cloud infrastructure business. The immediate response to this was positive as it was seen as a clear path for the firm to monetize its data center assets, but the stock did give some gains back after investors became concerned about adoption of the firm’s AI capabilities. The worst performing sector in the S&P 500 was the Real Estate sector, which fell 1.33%. The sector was led lower by **Iron Mountain Inc,** a storage and information management REIT, which fell 11.54%. The next two worst performers were Data Center REITs; **Digital Realty Trust** and **Equinix**, which fell 10.21% and 8.18%, respectively. These REITs came under pressure following the news of Meta potentially selling compute which raised concerns about the competitive landscape in the data center space and some investors began to question if it potentially signaled overbuilding of AI infrastructure. Data Center related REITs weren’t the only part of the market to get hit by this news. The so called “neo-clouds,” which specialize in AI data centers came under pressure as well. **Nebius Group** and **IREN Ltd** both fell 10.27% and 17.77%, respectively. While this week is the last week before the unofficial “kickoff” of earnings season with **JP Morgan** and other financial institutions reporting next week there are a few companies expected to report earnings. Notable names include: **MarketAxess Holdings**, **PepsiCo Inc**, and **Delta Air Lines Inc**.