US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.795 (4.2 bps)	Bond Buyer 40 Yield:	4.72 (- 8 bps)
6 Mo. T-Bill:	3.912 (-3.0 bps)	Crude Oil Futures:	78.18 (-6.49)
1 Yr. T-Bill:	3.991 (-4.2 bps)	Gold Spot:	4,341.56 (295.41)
2 Yr. T-Note:	4.195 (-9.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.259 (-9.4 bps)	US High Yield:	7.50 (-17 bps)
5 Yr. T-Note:	4.352 (-9.7 bps)	BB:	6.38 (-16 bps)
10 Yr. T-Note:	4.645 (-8.9 bps)	B:	7.77 (-18 bps)
30 Yr. T-Bond:	5.201 (-7.2 bps)		

Treasury yields dropped materially over the course of the week on optimism that a reduction in hostilities in the Strait of Hormuz. On Monday and Tuesday, Treasury yields dropped moderately both days after President Trump called off a major military attack on Iran and Iran suggested that talks to move ships safely through the Strait have been making progress. Qatar also said that a ceasefire proposal has been drafted and officials on both sides of the conflict sounded optimistic that they would come to an agreement. Iran then said it came to an agreement with Oman on shipping through the Strait as well. This optimism caused oil prices to drop significantly during the first half of the week, easing concerns that increased energy prices would lead to higher inflation and more aggressive fiscal policy from the Federal Reserve Bank. However, during the second half of the week tensions escalated again with Iran striking several "hostile targets" in the Strait, tempering the optimism for a deal and causing yields to rise moderately. On Friday, the Change in Nonfarm Payrolls was a decrease of 23k for July, which was down from an increase of 57k in June and below expectations of an increase of 80k. With the labor market cooling, the Fed may have to be patient on any rate increases, and yields dropped moderately to close out the week. The market implied probability of an increase to the Federal Funds Rate at the September 16th meeting dropped from 72% to 44% over the course of the week while the implied end of year rate dropped from 4.00 to 3.91. Oil dropped sharply in the first half of the week, before rebounding slightly and ultimately ending the week down 8%. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: July Existing Home Sales (4.05m, 4.09m); Wednesday: August 7 MBA Mortgage Applications (n/a, -2.9%), July CPI MoM (0.1%, -0.4%), July CPI YoY (3.4%, 3.5%); Thursday: August 8 Initial Jobless Claims (203k, 199k), July PPI Final Demand MoM (0.2%, -0.3%), July PPI final Demand YoY (4.8%, 5.5%); Friday: Retail Sales Advance MoM (0.2%, 0.2%), August Prelim. U. of Mich. Sentiment (54.1, 55.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	54,036.93 (2.96%)	Strong Sectors:	Info Tech, Materials
S&P 500®	7,757.64 (3.59%)		Industrials
S&P MidCap 400®	3,885.57 (3.4%)	Weak Sectors:	Real Estate, Utilities
S&P SmallCap 600®	1,811.16 (2.44%)		Energy
Nasdaq Composite®	26,690.62 (5.19%)	NYSE Advance/Decline:	1,772 / 1,072
Russell 2000®	3,034.49 (3.54%)	NYSE New Highs/New Lows:	312 / 160
		AAII Bulls/Bears:	37% / 38%

The S&P 500 rose 3.59% this week that began with the Trump administration calling off an attack on Iran and seeking further negotiations about reopening the Strait of Hormuz, though Yemen blamed Iran-linked Houthi rebels for sinking an Indian-flagged vessel off the Yemeni coast on Wednesday. A strong earnings season continued with **Amazon.com** exceeding $3 trillion in market cap for the first time after their well-received earnings release on Monday. Information technology performed best among sectors, led in contribution by semiconductors and then by software, in which included **Palantir**'s 39.78% rise for the week after it too announced an "otherworldly" quarter with 115% U.S. revenue growth YoY. Materials came in second in performance, led by the metals & mining industry which rallied along with precious metals prices that rose in reaction to weak US jobs data. More defensive sectors such as real estate and utilities were left behind as the market surged, and the energy sector performed worst among sectors as oil prices fell. Turning to economic news, July ISM Manufacturing surprised to the upside, coming in at 55.6 versus the 53.9 figure expanded. ISM New Orders met expectations at 56.7 while ISM Employment was 52.8 versus 50.0 expected. The ISM Services Index for July registered a 54.1 figure, below the 54.5 expected number. ISM Services New Orders posted 57.2 (55.9 expected) and ISM Services Employment saw 47.4 (51.2 exp.) Factory orders fell 0.3% in June when a 0.2% rise was expected. Durable goods orders rose 0.5% (+0.3% exp.) The preliminary Nonfarm Productivity figure for 2Q was 1.4%, above the 0.6% expected. Nonfarm Payrolls for July fell 23k when they were expected to rise 80k. Unemployment for July was expected to remain at 4.2% but came in notch below at 4.1% as the Labor Force Participation Rate fell from 61.5% to 61.4% (a rise to 61.6% was expected). Expect the following economic data this week: existing home sales, CPI data, PPI data, retail sales, and consumer sentiment data from the University of Michigan. On the earnings front, 11 members of the S&P 500 report earnings this week, including communications equipment name **Cisco Systems** and chipmaker **Applied Materials**.

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