US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	3.780 (-1.5 bps)	Bond Buyer 40 Yield:	4.73 (1 bps)
6 Mo. T-Bill:	3.903 (-0.9 bps)	Crude Oil Futures:	82.40 (4.22)
1 Yr. T-Bill:	3.957 (-3.4 bps)	Gold Spot:	4,376.40 (34.84)
2 Yr. T-Note:	4.169 (-2.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.247 (-1.2 bps)	US High Yield:	7.44 (-6 bps)
5 Yr. T-Note:	4.364 (1.2 bps)	BB:	6.33 (-5 bps)
10 Yr. T-Note:	4.692 (4.7 bps)	B:	7.72 (-5 bps)
30 Yr. T-Bond:	5.259 (5.8 bps)		

Treasury yields ended the week mixed, with short-duration yields ticking lower while long-duration yields rose, as traders digested softer inflation reports and a surprise contraction in retail sales. On Wednesday, the Consumer Price Index (CPI) rose 0.1% in July, matching consensus expectations. CPI is up 3.4% from a year ago, though much of that acceleration is a result of spiking energy prices due to the war in Iran. On Thursday, the Producer Price Index (PPI) came in unchanged in July, below the consensus expected 0.2% increase. Producer prices surprised to the downside once again, though they remain up 4.7% from a year ago. Friday's retail sales report showed the largest monthly decline in more than a year as July retail sales declined 0.6%, well below the consensus expected 0.1% increase. Short-duration yields eased following the reports as expectations of a rate increase at the September 16th meeting continued to fall over the course of the week. The market implied probability of a rate hike ended the week at 32% as traders are now expecting the Federal Reserve to hold rates steady at the upcoming meeting. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: August Empire Manufacturing (10.5, 15.6); Tuesday: July Housing Starts (1350k, 1427k), July Industrial Production MoM (0.3%, 0.1%); Wednesday: August 14 MBA Mortgage Applications (n/a, 3.6%); Thursday: August 15 Initial Jobless Claims (212k, 209k), July Leading Index (0.1%, -0.2%); Friday: August Preliminary S&P Global US Manufacturing PMI (53.9, 53.9).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	53,732.41 (-0.53%)	Strong Sectors:	Energy, Utilities
S&P 500®	7,785.76 (0.39%)		Cons. Staples
S&P MidCap 400®	3,926.98 (1.1%)	Weak Sectors:	Materials, Comm. Services
S&P SmallCap 600®	1,828.28 (0.97%)		Cons. Discretionary
Nasdaq Composite®	26,729.16 (0.16%)	NYSE Advance/Decline:	1,469 / 1,338
Russell 2000®	3,068.42 (1.15%)	NYSE New Highs/New Lows:	250 / 172
		AAII Bulls/Bears:	34.7% / 37.9%

The S&P 500 rose 39 bps last week, hitting a new record close of 7,798.99 on Thursday, and had crossed the 7,800 mark intraday. Energy performed best among sectors as oil prices rose last week, led by **Marathon Petroleum** (19.19%) and **Phillips 66** (14.57%), after Iranian officials indicated that they are not close to reopening negotiations regarding the Strait of Hormuz. With mild CPI and PPI prints, the market responded positively to notion that a rate hike seems less likely, and the fall in rates expectations buoyed the utilities sector. Lower rate expectations favored small caps and so the largest names in the S&P 500 did not keep pace; **Alphabet** (-2.37% for its A-share) was no exception and weighed on the communication services sector. Fellow interactive media name **Reddit** has been tapped to join the S&P 500. Broadline retail giant **Amazon.com** fell -4.31% and was not helped by sour retail sales data; the consumer discretionary sector performed worst among sectors last week. Turning to economic news, Existing Home Sales were 4.06m in July (4.05m expected); July's Real Average Weekly Earnings YoY figure registered +0.1% growth; July's CPI MoM met the 0.1% level expected, and Core CPI MoM met expectations at 0.2%; PPI Final Demand MoM for July came in flat versus the 0.2% increase expected; Retail Sales Advance MoM were -0.6% when they were expected to rise 0.1%. The University of Michigan Sentiment Survey registered a 51.0 figure when 55.0 was expected. Expect the following economic data this week: Import/Export Prices, Housing Starts, Industrial Production, and Pending Home Sales. On the earnings front, 12 members of the S&P 500 report earnings this week, including retailers **Walmart** and **Home Depot**.