

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.981 (1.3 bps)	GNMA (30 Yr) 6% Coupon:	106-10/32 (4.06%)
6 Mo. T-Bill:	2.177 (4.4 bps)	Duration:	3.92 years
1 Yr. T-Bill:	2.404 (1.5 bps)	Bond Buyer 40 Yield:	4.01 (04 bps)
2 Yr. T-Note:	2.669 (7.6 bps)	Crude Oil Futures:	68.69 (-1.77)
3 Yr. T-Note:	2.760 (8.3 bps)	Gold Spot:	1,224.22 (-5.31)
5 Yr. T-Note:	2.839 (7.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.954 (6.1 bps)	U.S. High Yield:	6.55 (-04 bps)
30 Yr. T-Bond:	3.082 (5.6 bps)	BB:	5.42 (-04 bps)
		B:	6.74 (-04 bps)

Real U.S. GDP grew at a robust 4.1% annual rate in the second quarter, the highest growth rate since 2014, while growth in the first quarter was revised upward to 2.2%. A rebound in consumer spending contributed 2.7 percentage points to the growth rate compared to 0.4 percentage points in the first quarter, as consumers were likely emboldened by a strong labor market and tax cuts. Business investment grew at a 7.3% annual rate in the second quarter compared to 11.5% in the first quarter but was still strong despite the slowdown. However, residential fixed investment declined for the second quarter in a row, falling at an annual rate of 1.1% in the second quarter after a 3.4% decline in the first quarter. Treasuries gained following the report. The Federal Open Market Committee meets Tuesday and Wednesday this week but is widely expected to leave rates unchanged. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: July Conf. Board Consumer Confidence (126.5, 126.4), June Personal Income (0.4%, 0.4%), June Personal Spending (0.4%, 0.2%), July Chicago Purchasing Manager (61.8, 64.1); Wednesday: August 1 FOMC Rate Decision – Upper Bound (2.00%, 2.00%), July ISM Manufacturing (59.3, 60.2), July 27 MBA Mortgage Applications (N/A, -0.2%), July Final Markit US Manufacturing PMI (55.5, 55.5), July ADP Employment Change (185k, 177k), June Construction Spending MoM (0.3%, 0.4%); Thursday: July 28 Initial Jobless Claims (220k, 217k), June Final Durable Goods Orders (N/A, 1.0%), June Factory Orders (0.7%, 0.4%); Friday: July Change in Nonfarm Payrolls (193k, 213k), July Unemployment Rate (3.9%, 4.0%), June Trade Balance (-\$46.1b, -\$43.1b).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,451.06 (1.57%)	Strong Sectors:	Energy, Industrials
S&P 500:	2,818.82 (0.61%)		Financials
S&P Midcap:	1,975.22 (-1.15%)	Weak Sectors:	Info Tech, Real Estate
S&P Smallcap:	1,045.81 (-1.38%)		Consumer Discretionary
NASDAQ Comp:	7,825.98 (-1.05%)	NYSE Advance/Decline:	953 / 2,005
Russell 2000:	1,687.08 (-1.96%)	NYSE New Highs/New Lows:	71 / 40
		AAII Bulls/Bears:	31.5% / 26.9%

Equities whipsawed last week as trade risks and earnings permeated headlines. All told the S&P 500 index returned 0.61% last week, while mid and small-caps were negative. On Wednesday, the S&P 500 closed above 2,840 for the 3rd time in 2018, only to drop on poor earnings announcements to close the week. **Facebook Inc.** tumbled as much as 20% and lost over \$120b worth of market cap. The social media giant announced that revenue growth rates are likely to decelerate in 2H and be below 10%, well below analyst expectations. **Nielsen Holdings PLC**, was the poorest performing member of the S&P 500, falling over 25% last week after announcing disappointing quarterly revenue and earnings results, and cutting their year-end guidance. **Twitter Inc.** also fell over 20%, despite their revenue and earnings surprising on the upside, the stock price couldn't recover after announcing a decline in monthly users. Not all earnings announcements were negative, **Corning Inc.** soared 15% last week after announcing revenue and earnings beat analyst expectations and raising their full year revenue guidance. **Zimmer Biomet Holdings Inc.** was up over 13% last week after they announced strong 2Q performance as the medical device company is improving their supply chain and manufacturing capacity. Turning to trade news, toward the end of Wednesday President Donald Trump and European Commission President Jean-Claude Juncker announced an agreement on a framework for future trade that included provisions for the European Union to purchase additional liquified natural gas, soybeans and working towards lowering overall tariffs between two of the world's largest trading partners. This was especially important considering that China has, in response to U.S. tariffs, imposed their own tariffs on many U.S. agricultural products. Looking ahead to next week, earnings season continues as 145 companies in the S&P 500 are expected to report, including: **Apple Inc., Berkshire Hathaway Inc., Pfizer Inc., Caterpillar Inc., The Kraft Heinz Co. and The Allstate Corp.**

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