US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	2.002 (2.0 bps)	GNMA (30 Yr) 6% Coupon:	106-10/32 (4.07%)
6 Mo. T-Bill:	2.203 (2.6 bps)	Duration:	3.93 years
1 Yr. T-Bill:	2.408 (0.4 bps)	Bond Buyer 40 Yield:	4.02 (1 bps)
2 Yr. T-Note:	2.643 (-2.6 bps)	Crude Oil Futures:	68.49 (-0.20)
3 Yr. T-Note:	2.730 (-3.0 bps)	Gold Spot:	1,214.90 (-9.32)
5 Yr. T-Note:	2.813 (-2.7 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.949 (-0.5 bps)	U.S. High Yield:	6.55 (0 bps)
30 Yr. T-Bond:	3.089 (0.6 bps)	BB:	5.38 (-4 bps)
		B:	6.79 (5 bps)

Long-dated U.S. Treasury yields fell on Tuesday as the Bank of Japan affirmed their accommodative monetary policy. Japan remains one of the few countries still with an aggressive monetary policy in place post the financial crisis. On Wednesday, the Federal Open Market Committee left rates unchanged, which comes as no surprise to investors. U.S. Treasury yields pushed higher as the market reacted to the Federal Open Market Committee's statement highlighting strength in the U.S. economy as well as affirming two interest rate increases will take place this year. The Bank of England increased key interest rates on Thursday. Though expected, this was only the second key rate rise in the past decade for the Bank of England. U.S. Treasury yields pulled back on Thursday as investors reacted to continued tariff tension between the U.S. and China. The week wrapped up with U.S. Treasury yields continuing to drop as the market digested a slew of economic reports. One hundred and fifty-seven thousand jobs were created in July, which is a strong number, but below estimates. The bankruptcy of Toys R Us and governments cutting education jobs over summer break are the drivers of the smaller than expected gain in jobs. The unemployment rate fell to 3.9% in July from 4.0% in June. The ISM Nonmanufacturing index came in at 55.7 for July, an 11-month low. Hourly pay rose \$0.07 in July, but wage gains remain unchanged over the past 12 months. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: August 3 MBA Mortgage Applications (N/A, -2.6%); Thursday: August 4 Initial Jobless Claims (220k, 218k), July PPI Final Demand (0.2%, 0.3%), June Final Wholesale Inventories MoM (0.0%, 0.0%); Friday: July CPI MoM (0.2%, 0.1%), July CPI YoY (3.0%, 2.9%).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	25,462.58 (0.05%)	Strong Sectors:	Real Estate, Telecomm
S&P 500:	2,840.35 (0.80%)		Health Care
S&P Midcap:	2,000.04 (1.29%)	Weak Sectors:	Energy, Industrials
S&P Smallcap:	1,053.61 (1.20%)		Materials
NASDAQ Comp:	7,812.02 (0.98%)	NYSE Advance/Decline:	1,739 / 1,219
Russell 2000:	1,673.37 (0.63%)	NYSE New Highs/New Lows:	113 / 31
		AAII Bulls/Bears:	29.1% / 32.1%

The S&P 500 posted its fifth weekly gain to start off the month of August. Positive earnings reports have propped up the market with 75% of reporting companies in the index beating analysts' estimates. After reporting quarterly earnings which topped estimates, **Apple Inc.** became the first US company with a 13-digit (\$1 trillion) market cap. The next largest company, **Amazon.com Inc**, is over \$100 billion smaller. Trade tensions between the US and China are still in play as the Chinese moved to prop up their currency causing the dollar to fall on Friday. Emerging market stocks rallied on Friday after declining through the mid-week. President Donald Trump's proposal to impose duties on \$200 billion in Chinese imports was met with China's disproportionate, but escalated, \$60 billion list of goods on Friday. Both countries have been adding fuel to their respective trade-war campaigns, but talks of formal negotiations have been communicated on a high level between both governments. Investors have taken note, and put money to work in defensive sectors. Real Estate, Telecomm, Health Care, Staples, and Utilities were the top five of 7 sectors with positive returns last week. Energy was the worst performing sector after American oil companies scaled back drilling following President Trump's trade rhetoric. Working oil rig counts dropped for the second time in three weeks. Looking ahead, one third of the S&P 500 has yet to report earnings and investors will be looking for any clues about inflation or labor pressure on company margins.