

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (+01 bps)	GNMA (30 Yr) 6% Coupon:	111-15/32 (1.74%)
6 Mo. T-Bill:	0.10 (+04 bps)	Duration:	3.74 years
1 Yr. T-Bill:	0.19 (+06 bps)	30-Year Insured Revs:	153.1% of 30 Yr. T-Bond
2 Yr. T-Note:	0.47 (+14 bps)	Bond Buyer 40 Yield:	5.26% (+11 bps)
3 Yr. T-Note:	0.82 (+26 bps)	Crude Oil Futures:	94.75 (+3.57)
5 Yr. T-Note:	1.78 (+40 bps)	Gold Futures:	147.80 (-38.10)
10 Yr. T-Note:	3.18 (+32 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	4.39 (+21 bps)	BB, 7-10 Yr.:	6.58% (-04 bps)
		B, 7-10 Yr.:	7.81% (-05 bps)

Treasury prices were lower for the week as stock prices rose sharply, with the yield on the benchmark 10-year note hitting its highest level since May. With the Greek parliament's approval of austerity measures setting the stage for further bailout funds from the European Commission and the IMF, the fears of that economy's collapse were relieved for the time being. The easing of those fears moved investors away from the safety of Treasury debt, contributing to the decline in prices. In addition, strong manufacturing data led to speculation that the recent weakness in the economy had passed, as the ISM Manufacturing Index increased to 55.3 in June, while consensus forecasts had been for a decline. The headline economic number for this week will be Friday's employment report. Tuesday: May Factory Orders (+1.0%); Wednesday: June ISM Non-Manufacturing Composite (53.6); Thursday: Initial Jobless Claims (420,000); and Friday: June Employment Report, including Change in Nonfarm Payrolls (+89,000), Unemployment Rate (9.1%), Average Hourly Earnings (+0.2%), and Average Weekly Hours (34.4), May Wholesale Inventories (+0.6%), and May Consumer Credit (\$3.750 billion).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12582.77 (+648.19,+5.4%)	Strong Sectors:	Energy, Technology, Discretionary
S&P 500:	1339.67 (+71.22,+5.6%)	Weak Sectors:	Staples, Utilities, Health Care
S&P MidCap:	995.05 (+49.05,+5.2%)	NYSE Advance/Decline:	2,705/ 471
S&P Small Cap:	451.92 (+24.38,+5.7%)	NYSE New Highs/New Lows:	253 / 62
NASDAQ Comp:	2816.03 (+163.14,+6.1%)	AAll Bulls/Bears:	38.3% / 30.2%
Russell 2000:	840.04 (+42.25,+5.3%)		

US stocks surged to their best week in two years as economic data brought renewed optimism and Greece approved austerity measures in order to receive more bailout funds. The week's gains allowed the major market averages to finish the second quarterly at roughly breakeven. On the economic front, the ISM rebounded in June following a drop in May while the Chicago PMI unexpectedly rose. Additionally, home prices gained for the first time in eight months while pending home sales jumped. **Visa** and **MasterCard** gained as debit card fee caps were not as onerous as originally proposed. **eBay** gained on the news as well. Banks received relief midweek as new Basel Committee capital rules were not as restrictive as feared. **Bank of America** agreed to pay \$8.5 billion to buy back defective mortgages it placed in securitized products. **Nike** surged following strong quarterly results and an upbeat outlook. **Home Depot** announced a \$3.5 billion buyback. **Roche** shares lagged after the FDA declined to approve Avastin for breast cancer. **General Mills** reported inline results but lowered expectations for its current fiscal year due to rising input costs. **Monsanto** reported a strong quarter and raised estimates on strong sales of engineered seeds. **NetApp** gained following a positive analyst day. **Zynga** filed for a \$1 billion IPO. IPO activity was brisk in 2Q according to PricewaterhouseCoopers as \$11.9 billion was raised versus \$5.2 billion the prior year. Looking ahead, all eyes will be on the June employment report due out Friday. With Q3 off to a strong start investors will be looking for evidence of improvement on the jobs front as it will be key to any sustainable rally going forward.