

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.08 (unch.)	GNMA (30 Yr) 6% Coupon:	112-21/32 (1.28%)
6 Mo. T-Bill:	0.14 (unch.)	Duration:	3.57 years
1 Yr. T-Bill:	0.15 (-02 bps)	30-Year Insured Revs:	210.2 % of 30 Yr. T-Bond
2 Yr. T-Note:	0.20 (-03 bps)	Bond Buyer 40 Yield:	4.26% (-09 bps)
3 Yr. T-Note:	0.28 (-05 bps)	Crude Oil Futures:	91.44 (+4.34)
5 Yr. T-Note:	0.57 (-04 bps)	Gold Futures:	1584.20 (-7.80)
10 Yr. T-Note:	1.45 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.54 (-03 bps)	BB, 7-10 Yr.:	5.80% (-11 bps)
		B, 7-10 Yr.:	7.17% (-13 bps)

Treasury prices ended higher this week as the market digested multiple pieces of economic news, testimony from Ben Bernanke and additional fear out of Europe most specifically, Spain. Treasury prices were higher Monday on weak Chinese growth concerns and U.S. retail sales that declined 0.5% in June vs. expectations of 0.2% growth. Treasury prices sold off Tuesday as investors favored risk assets as June industrial production increased more than expected. June housing starts were reported Wednesday, increasing 6.9% to an annual rate of 760,000 units beating expectations and equities were higher. Despite the positive economic data and the equity rally, Treasuries were also higher following Bernanke's testimony about the US fiscal situation. Existing home sales in June declined 5.4% to an annual rate of 4.37 million units, below expectations of 4.62 million. Treasury prices were higher and the 5 year yield hit a record low on Friday as concern that the \$122 billion bank rescue plan for Spain may not be enough to stop the crisis. Even though the aid package was approved, some Spanish regions may be seeking help from the central government. Major economic reports (and related consensus forecasts) for next week include: Tuesday: Richmond Fed Manufacturing Index (0); Wednesday: June New Home Sales (370,000, 0.3% MoM); Wednesday: June Durable Goods Orders (0.3%, 0.0% Excluding Transportation), June Pending Home Sales (0.3% MoM, 12.4% YoY), Kansas City Fed Manufacturing Activity Index (4); Friday: 2nd Quarter GDP (1.4%), 2nd Quarter Personal Consumption (1.4%), July U of M Consumer Confidence (72.0).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	12822.57 (45.48, 0.42%)	Strong Sectors:	Energy, Materials, Info. Tech
S&P 500:	1362.66 (5.88, 0.46%)	Weak Sectors:	Financials, Cons. Staples, Telecom
S&P MidCap:	939.71 (-2.97, -0.31%)	NYSE Advance/Decline:	1,679 / 1,470
S&P Small Cap:	443.63 (-3.75, -0.83%)	NYSE New Highs/New Lows:	520 / 102
NASDAQ Comp:	2925.30 (16.83, 0.58%)	AAll Bulls/Bears:	22.2% / 30.2%
Russell 2000:	791.54 (-9.45, -1.17%)		

Strong corporate earnings spurred a mid week rally as the S&P 500 edged up nearly 6 points on the week. **Microsoft Corp.**, **International Business Machines Corp.**, **The Coca-Cola Co.** and **Mattel Inc.** had positive earnings reports. The financial sector struggled as **American Express Co.**, **Morgan Stanley** and **Bank of America Inc.** each announced revenues that missed analyst estimates. On Thursday night **Chipotle Mexican Grill Inc.** announced revenue that trailed estimates and on Friday the stock tumbled -21%. **Walgreen Co.** announced, after a long-standing impasse, a renewed pharmacy network agreement with **Express Scripts Holding Co.** which buoyed their stock price over 10% the most in nearly four years. **SanDisk Corp.** was the best performing stock in the S&P 500 for the week, rising over 15% as the company experienced strong demand for their flash memory from corporate customers and international markets. Turning to Europe, earlier in the week Spanish financial issues seemed to strengthen as Germany extended a fiscal hand to ease economic pressure on Spanish banks. However, on Friday Spain stated that their recession would last into next year which sent the Euro to its lowest level since 2010 against the US Dollar and the lowest level since 2000 relative to the Yen. China announced they will not relax property control policies which intensified concerns that they will continue to see slower economic growth. Looking ahead to next week, earnings season will continue with a bevy of mega cap company earnings announcements. **McDonalds Corp.**, **Apple Inc.**, **AT&T Inc.**, **Amazon.Com Inc.**, **Chevron Corp.** and **Exxon Mobil Corp.** are all expected to report.