US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.03 (-01 bps)	GNMA (30 Yr) 6% Coupon:	110-09/32 (2.31%)
6 Mo. T-Bill:	0.09 (+01 bps)	Duration:	3.54 years
1 Yr. T-Bill:	0.14 (+02 bps)	30-Year Insured Revs:	148.9% of 30 Yr. T-Bond
2 Yr. T-Note:	0.36 (-01 bps)	Bond Buyer 40 Yield:	4.73 (- 23bps)
3 Yr. T-Note:	0.65 (-05 bps)	Crude Oil Futures:	96.52 (-2.83)
5 Yr. T-Note:	1.39 (-03 bps)	Gold Futures:	1231.70 (-59.90)
10 Yr. T-Note:	2.48 (-05 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.49 (-08 bps)	U.S. High Yield:	6.92% (-09 bps)
		BB:	5.48% (-10 bps)
		B:	6.95% (+03bps)

Treasuries rose slightly this this week following last week’s steep sell off as mixed economic data and commentary from various Fed officials signaled that quantitative easing may not end as soon as expected. On Monday 30 year Treasury bonds rallied, snapping a 3 day losing streak after Q1 GDP and Personal Consumption (+1.6% and + 2.4%, respectively) missed expectations. In addition, Federal Reserve Bank of Dallas President Richard Fisher stated that investors shouldn't overreact to central bank plans to slow bond buying, which helped stabilize bond markets. Major economic data released on Tuesday was largely stable, causing Treasuries to drop. May U.S. Durable Goods Orders were reported at 3.6%, the April Home Price Index rose .7% while May New Home Sales rose 2.1%, and June Consumer Confidence was reported at 81.4. On Wednesday, the 10-year yield dropped the most in almost 2 weeks as data showed that Q1 U.S. GDP increased only 1.8% vs. prior estimates of 2.4% growth. Treasuries rose again on Thursday when NY Federal Reserve President William Dudley said policy makers may prolong measures of quantitative easing. On Friday, Richmond Fed Bank President Jeffrey Lacker made comments to the opposite effect, saying he did not favor continuing Fed bond purchases, which caused 5 and 10 year Treasuries to fall. Major economic reports (and related consensus forecasts) for next week include: Monday: June ISM Manufacturing (50.4); Tuesday: May Factory Orders (2%), June Total Vehicle Sales (15.5M); Wednesday: June ISM Non.-Manf. Composite (54), May Trade Balance (-$40.3B), and June ADP Employment Change (160K); Friday: June Change in Non-Farm and Private Payrolls (165K and 0K, respectively) and June Unemployment Rate (7.5%).

US Equities

Weekly Index Performance:

DJIA:	14,909.60 (+0.74%)
S&P 500:	1,606.28 (+0.91%)
S&P MidCap:	1,160.82 (+2.12%)
S&P Small Cap:	550.52 (+1.38%)
NASDAQ Comp:	3,403.25 (+1.41%)
Russell 2000:	977.48 (+1.51%)

Market Indicators:

Strong Sectors:	Utilities, Cons Disc, Telecom Services
Weak Sectors:	Materials, Energy, Information Technology
NYSE Advance/Decline:	2,308/ 875
NYSE New Highs/New Lows:	168/ 681
AAII Bulls/Bears:	30.3% / 35.2%

Last week the S&P 500 Index had positive performance with a 0.91% return, but it wasn’t enough to push the index into positive territory for the month of June. The previous two weeks of negative returns, specifically last week’s second worst performance of the year with a -2.09% return, pushed the index down into negative territory. June is the only month in 2013 to have negative performance with a -1.34% return. The first half of 2013 came to a close with a 13.82% return. Monday opened the week down with concerns over the Federal Reserve tapering its stimulus and weakness in the Chinese markets. Tuesday showed positive economic data from manufacturing, housing and consumer confidence pushing the index higher for the day. Stocks were up on Wednesday as Q1 GDP came in weaker than expected increasing investors’ hopes that the Federal Reserve may maintain its stimulus efforts. Thursday brought the third day in a row of positive performance with more positive economic data. US initial jobless claims came in at 346K. This was a decrease from the previous week’s number of 354K and close to the consensus of 345K. Friday declined 0.43% as improving economic data fueled speculation of lower bond purchases in the future by the Federal Reserve. Eight of the ten economic sectors had positive performance for the week. The utilities sector was the best performing sector with a 3.08% return. Consumer discretionary and telecom services’ sectors followed with 2.47% and 2.39% returns, respectively. Materials’ -1.30% return was the worst performance of all the sectors and was followed by information technology and energy which returned -0.16% and 0.27%, respectively. **Cablevision Systems Corp.**, a telecommunications and entertainment services provider, turned in the best performance in the S&P 500 Index with a 12.43% gain. The next two best performers were **Time Warner Cable Inc.** and **Tenet Healthcare Corp.** with returns of 10.46% and 10.16% respectively. This shortened, holiday week will bring earnings news from **Constellation Brands Inc.**