

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.04 (+01 bps)	GNMA (30 Yr) 6% Coupon:	109-31/32 (2.41%)
6 Mo. T-Bill:	0.07 (-02 bps)	Duration:	3.52 years
1 Yr. T-Bill:	0.14 (unch.)	30-Year Insured Revs:	140.3% of 30 Yr. T-Bond
2 Yr. T-Note:	0.40 (+04 bps)	Bond Buyer 40 Yield:	4.83 (+10 bps)
3 Yr. T-Note:	0.75 (+10 bps)	Crude Oil Futures:	103.41 (+6.85)
5 Yr. T-Note:	1.60 (+21 bps)	Gold Futures:	1221.20 (-2.5)
10 Yr. T-Note:	2.73 (+25 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.70 (+21 bps)	U.S. High Yield:	6.99% (+07 bps)
		BB:	5.57% (+09 bps)
		B:	7.06% (+11bps)

Markets were closed Thursday for the Independence day holiday but treasuries fell for the week as stronger than expected employment growth increased expectations of the Federal Reserve reducing the size of its asset purchases. The Monday, ISM manufacturing data showed an increase in June, after contracting in May followed Tuesday by the May manufacturer report which showed a slight increase in factory orders. In contrast, China industrial activity continued to decline in June from worries of excess industrial capacity and declining demand. Wednesday MBS data from the Mortgage Bankers Association showed declining activity as mortgage rates rose. On Friday, 30 year Treasury bonds fell after non-farm payrolls increased 195,000 in June beating expectation of a 165,000 payroll increase. Prior month payroll revisions to April and May added another 70,000 to private sector payrolls. 10 Year yields rose to a 23-month high as a result of the payroll numbers. The unemployment rate remains at 7.6 percent. Crude oil has steadily increased during the week as a result of the unrest in Egypt and declining supplies. Major economic reports (and related consensus forecasts) for next week include: Wednesday: Mortgage Bankers Association US Mortgage activity Index and Merchant Wholesalers Inventories (.3%); Thursday: Initial Jobless Claims (339K) and Continuing Claims (2,958K); Friday: Producer Price Index (.5%) and University of Michigan Survey of Consumer Confidence Sentiment (85).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	15,135.84 (1.56%)	Strong Sectors:	Info. Tech., Financials, Cons. Discretionary,
S&P 500:	1631.89 (1.63%)	Weak Sectors:	Utilities, Cons. Staples Materials
S&P MidCap:	1186.11 (2.19%)	NYSE Advance/Decline:	1,657 / 1,513
S&P Small Cap:	568.15 (3.21%)	NYSE New Highs/New Lows:	295 / 111
NASDAQ Comp:	3479.38 (2.27%)	AAII Bulls/Bears:	42.0% / 23.8%
Russell 2000:	1005.39 (2.87%)		

Equity markets rallied despite the holiday shortened week as the S&P 500 index was up 1.63%. Monday, markets moved higher on news that growth in manufacturing was better than expected. Tuesday and Wednesday, markets were relatively slow and unchanged. Friday, stocks rose the most in three weeks as government jobs data showed the nation added more jobs than forecasted last month. Political tensions in Egypt continued to make headlines as the world watched embattled President Mohamed Mursi get ousted by the Egyptian military. In Portugal Prime Minister Pedro Passos Coelho is trying to hold his government together amid political infighting. Turning stateside, **Tesla Motors Inc.** advanced to an all-time high as the company announced it had received hundreds of orders for its new Model S. **Chipotle Mexican Grill Inc.** advanced 3.5% on Wednesday amid analyst upgrades. Homebuilders fell to their lowest level this year as Treasury yields continue to climb hurting house affordability for many Americans. Higher Treasury yields also wreaked havoc in the mortgage REIT space, as the two largest mortgage REIT's, **Annaly Capital Management Inc.** and **American Capital Agency Corp.** were both down over 5% on Friday. Gold producers continue to slide as prices on the precious metal continue to decline. **Barrick Gold Corp.**, the world's largest gold miner, saw its stock price sink 6.3% and **Newmont Mining Corp.** -4.3% on Friday. Looking forward to next week, the unofficial start of earnings season will begin with **Alcoa Inc.** expected to announce 2Q results Monday.