

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (-01 bps)	GNMA (30 Yr) 6% Coupon:	109-29/32 (2.90%)
6 Mo. T-Bill:	0.05 (-02 bps)	Duration:	3.59 years
1 Yr. T-Bill:	0.13 (+01 bps)	30-Year Insured Revs:	144.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.38 (+04 bps)	Bond Buyer 40 Yield:	5.29 (+ 05bps)
3 Yr. T-Note:	0.79 (+07bps)	Crude Oil Futures:	106.33 (+3.95)
5 Yr. T-Note:	1.62 (+06 bps)	Gold Futures:	1395.70 (+24.00)
10 Yr. T-Note:	2.81 (-01 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.79 (-06 bps)	U.S. High Yield:	6.86% (+09 bps)
		BB:	5.50% (+09 bps)
		B:	6.92% (+12 bps)

Amid mixed economic reports and debate over the status of the Federal Reserve's Quantitative Easing program longer dated Treasuries rose this week while those with duration between 1 and 7 years fell. On Monday, in the absence of major economic data, Treasury yields approached their highest levels since 2011 as speculation grew that the Fed would trim bond purchases as early as next month. On Tuesday, Treasuries rallied as value oriented investors scooped up the securities. On Wednesday, July existing homes sales were reported at 5.39M and the Fed released minutes from a July 30-31 FOMC Meeting which revealed policy makers were "broadly comfortable" with a plan to curtail bond purchases. This release from the Fed caused Treasuries to fall and sent 30-year yields to two year highs. The securities fell further the next day when the June Home Price Index was reported to rise .7%, beating expectations and the U.S. Leading Indicators index climbed in July by .6%, stoking fears of a Fed taper. On Friday, however, July New Home Sales missed expectations by a wide mark, falling -13.4% MoM to 394K (vs. expectations of 487K) and investors fled to the safety of government debt, causing yields to plunge. Major economic reports (and related consensus forecasts) for next week include: Monday: July Durable Goods Orders (-4%); Tuesday: June S&P/CaseShiller Home Price Index (159.4/+12.10 y/y) and August Consumer Confidence (79.0); Wednesday: July Pending Home Sales; Thursday: 2QS GDP Annualized QoQ (2.2%) and 2QS Personal Consumption (1.8%); Friday: July Personal Income and Spending (.2% and .3%, respectively) and Aug. Univ. of Michigan Confidence (80.5)

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	15010.51 (-0.4%)	Strong Sectors:	Materials, Health Care, Cons. Discretionary
S&P 500:	1663.5 (0.49%)	Weak Sectors:	Info Tech, Cons. Staples, Financials
S&P MidCap:	1217.43 (0.98%)		
S&P Small Cap:	588.53 (1.44%)	NYSE Advance/Decline:	1,922 / 1,272
NASDAQ Comp:	3657.792 (1.54%)	NYSE New Highs/New Lows:	122 / 647
Russell 2000:	1038.24 (1.37%)	AAll Bulls/Bears:	29.0% / 42.9%

What should have been a mostly uneventful week was disrupted by the outage occurring at the Nasdaq lasting three hours on Thursday. Into the weekend, exchange officials were still tight lipped as to the cause of the outage. However, officials conceded that it was necessary to close trading to prevent "informational asymmetry" among traders when some investors were not able to see quotes. **Microsoft** announced that CEO, Steve Balmer, would retire within the next twelve months. Balmer has often been criticized as the company has failed to migrate their Windows operating system onto other platforms and devices. Shares in Microsoft rose more than 7% in reaction to the announcement. Reporting results last week was retailer **Target**. The company disappointed investors, after announcing the company's Canadian operations were losing money. Shares fell more than 6% last week. Another retailer sharing Target's misfortune was office supply store, **Staples**. The company continues to struggle as small business customers have not spent as freely as before. Staples missed expectations across the board and also lowered 2013 guidance. However, the greatest worry for Staples might have been that Fitch lowered their credit outlook to negative from stable while affirming their BBB rating. Last week, shares in Staples dropped more than 15%. Offsetting this disappointment in retailers was the surprising improvement at **Best Buy**. The company announced EPS of \$.32, crushing estimates of \$.12. The stock rose more than 15% last week. While earnings season has concluded, there will be some interesting companies reporting results. **Tiffany**, **Joy Global**, **Salesforce.com** and **Jos. A. Bank's** all report earnings this week.