US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.02 (-01 bps)	GNMA (30 Yr) 6% Coupon:	109-14/32 (2.98%)
6 Mo. T-Bill:	0.05 (-00 bps)	Duration:	3.58 years
1 Yr. T-Bill:	0.12 (-01 bps)	30-Year Insured Revs:	148.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.40 (+02 bps)	Bond Buyer 40 Yield:	5.29 (+ 00 bps)
3 Yr. T-Note:	0.78 (-01bps)	Crude Oil Futures:	107.62 (+1.2)
5 Yr. T-Note:	1.64 (+02 bps)	Gold Futures:	1395.80 (+.10)
10 Yr. T-Note:	2.79 (-02 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.70 (-09 bps)	U.S. High Yield:	6.85% (-01 bps)
		BB:	5.54% (+04 bps)
		B:	6.89% (-03 bps)

Selling of Treasuries cooled during the week as tensions surrounding potential conflict in the Syria increased demand for safe assets. However, for August, U.S. Treasury bonds slid for a fourth consecutive month and since the start of May the 10-Year Treasury is up over a full point from continued concerns over the Federal Reserve potentially unwinding its bond buying program. Oil rose during the week as Middle East turmoil gives rise to supply concerns. Brent oil's premium to WTI was as large as $8.41, the highest since June 10, before settling slightly lower at the end of trading last week. Monday had the durable goods report come in weaker than was expected and the 10-year Treasury noted moved slightly lower on rising prices. Oil fell and gold declined. On Tuesday, consumer confidence was stronger than expected in the face of the 30 year mortgage rate average climbing to a two year high of 4.58 percent. On Wednesday, treasuries fell for the first time in four sessions as investors determined any potential conflict in Syria likely appeared to be limited in nature. There was a $35 billion 5-year Treasury note offering which had the lowest overall demand since July 2009. Initial jobless claims came in very close to what was expected. On Friday, personal income rose slightly below the forecast. Major economic reports (and related consensus forecasts) for the shorted week of Labor Day include: Tuesday: ISM Manufacturing Report (54.0); Wednesday: MBA Mortgage Applications (Flat) and US Trade Balance (-38.8B); Thursday: ADP Employment Change (185K), Initial Jobless Claims (330K) and Factory Orders (-3.5%); Friday: Change in Nonfarm Payrolls (180K) and the Unemployment Rate (7.4%).

US Stocks

Weekly Index Total Return:		Market Indicators:	
DJIA:	14,810 (-1.29%)	Strong Sectors:	Energy, Utilities, Telecommunications
S&P 500:	1632.97 (-1.79%)	Weak Sectors:	Financials, Industrials, Info Tech
S&P MidCap:	1183.87 (-2.71%)		
S&P Small Cap:	572.82 (-2.63%)	NYSE Advance/Decline:	822 / 2,368
NASDAQ Comp:	3589.87 (-1.83%)	NYSE New Highs/New Lows:	133 / 176
Russell 2000:	1010.90 (-2.60%)	AAII Bulls/Bears:	33.5% / 30.8%

For the week, equity markets retreated as the S&P 500 was down nearly 1.3%. For the month of August, the S&P 500 experienced the worst monthly return since May 2012, albeit on the second lowest monthly volume in the last 5 years. This week's slide intensified as investors tried to gauge the economic impact of potential U.S. military action in Syria. Starting on Monday, U.S. Secretary of State John Kerry stated that Syria, specifically Syrian President Bashar al-Assad, will be held accountable for using chemical weapons against its own people resulting in nearly 1,300 deaths. Further on in the week, Britain and France both stepped closer to a military strike against Syria. However, by week end Britain had backed off from their stance that a military strike was necessary. Additionally, both consumer and housing economic data was lackluster for the week. Durable goods orders, personal income, personal spending, home sales and home prices all were announced below economist estimates. **Tiffany & Co.**, the world's second largest luxury jewelry retailer, dropped nearly 6% during the week as they announced poor 2Q sales. **Krispy Kreme Doughnuts Inc.** tumbled 15% on disappointing earnings. **Salesforce.com** jumped nearly 13% to an all-time high as they announced 3Q earnings forecasts well ahead of analyst expectations. Investors, heading into a holiday shortened week, will be watching for continued geopolitical news on Syria. Investors can also look for an eventful September as the debt ceiling debate will be waged once again in Washington.