

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (+01 bps)	GNMA (30 Yr) 6% Coupon:	112-12/32 (1.70%)
6 Mo. T-Bill:	0.06 (+02 bps)	Duration:	3.59 years
1 Yr. T-Bill:	0.10 (+02 bps)	30-Year Insured Revs:	156.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.46 (unch.)	Bond Buyer 40 Yield:	4.53 (-04 bps)
3 Yr. T-Note:	0.88 (-05 bps)	Crude Oil Futures:	105.71 (-1.55)
5 Yr. T-Note:	1.64 (-04 bps)	Gold Futures:	1317.50 (+1.30)
10 Yr. T-Note:	2.54 (-06 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.37 (-07 bps)	U.S. High Yield:	5.71% (+01 bps)
		BB:	4.54% (unch.)
		B:	5.78% (unch.)

Treasury prices rose moderately over the course of the week as investors were concerned over escalating violence in Iraq. On Tuesday the wall street journal reported that Syrian warplanes hit targets in western Iraq, which caused equities to drop significantly as investors flocked to the safety of Treasuries. On Thursday, the yield on the 10-year Treasury hit a four-week low. However, many economic reports throughout the week were optimistic about the economy, mitigating the fear of violence in Iraq and paring gains in Treasury prices. May existing and new homes sales beat estimates on Monday and Tuesday, respectively, as consumer confidence also was higher than expected. The market even managed to shrug off the 1st quarter Annualized GDP number on Wednesday of -2.9% being lower than the expected -1.8% estimate as the market rebounded from Tuesday's loss on concerns in Iraq. Oil actually dropped 1.4% over the course of the week despite the middle east concerns. Major economic reports (and related consensus forecasts) for the upcoming holiday shortened week include: Monday: June Chicago Purchasing Manager (63.0), May Pending Home Sales (1.3% MoM, -9.7% YoY), Jun Dalls Fed Manf. Activity (9.0); Tuesday: ISM Manufacturing (55.8), May Construction Spending (0.5%); Wednesday: June MBA Mortgage Applications, June ADP Employment Change (205,000), May Factory Orders (-0.3%); Thursday: May Trade Balance (-\$45.0B), June Change in Nonfarm Payrolls (212,000), June Unemployment Rate (6.3%), June 28th Initial Jobless Claims (312,000).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16,851.84 (-0.56%)	Strong Sectors:	Utilities, Cons Discretionary, Info Tech, Health Care
S&P 500:	1,960.96 (-0.06%)	Weak Sectors:	Industrials, Consumer Staples, Energy
S&P Midcap:	1,426.55 (0.12%)	NYSE Advance/Decline:	1,817 / 1,414
S&P Smallcap:	680.61 (0.20%)	NYSE New Highs/New Lows:	556 / 66
NASDAQ Comp:	4,397.93 (0.70%)	AAll Bulls/Bears:	37.2% / 21.1%
Russell 2000:	1,189.50 (0.16%)		

Last week the S&P 500 Index closed with a -0.06% return. Monday showed a relatively flat day of trading with a return of -0.01% following the all-time high close of 1,962.87 on Friday, June 20. Tuesday was more volatile than the previous day of trading with the S&P 500 Index returning -0.63%. The index climbed early on positive economic data showing consumer confidence higher than expected and new home sales much higher than expected reaching the highest level in six years. Stocks later turned negative on growing concerns over Iraq. Wednesday gave us the first positive day of the week with a 0.49% return. Stocks dropped after the open on Thursday sliding almost 15 points (-0.76%) from the previous days' close in the first 21 minutes of trading, but traded up from there to close with a -0.10% return. US initial jobless claims were 312K, which was slightly higher than the consensus estimate of 310K. Claims matched the previous week's 312K. The S&P 500 Index increased on Friday as it closed with a 0.20% return. Several US companies held initial public offerings last week including ServiceMaster Global Holdings Inc. and GoPro, Inc. Four of the ten economic sectors had positive performance for the week. The utilities and consumer discretionary sectors were the best performing sectors, both with 1.04% returns. The information technology and the health care sectors followed with 0.76% and 0.64% returns, respectively. The industrials sector's -1.36% return was the worst performance of all the sectors and was followed by consumer staples and energy which returned -1.26% and -0.90%, respectively. **Vertex Pharmaceuticals Inc.**, a pharmaceutical company that discovers and develops drugs for diseases with limited treatments, turned in the best performance in the S&P 500 Index with a 44.35% gain. The stock jumped over 40% at the open on Tuesday after news of a 24-week study on the combination of two drugs for the treatment of cystic fibrosis showed positive data. The next two best performers were **Integrus Energy Group Inc.** and **Iron Mountain Inc.** with returns of 16.36% and 16.14%, respectively. This week will bring earnings news from **Paychex Inc.** and **Constellation Brands Inc.**