

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-/732 (1.50%)
6 Mo. T-Bill:	0.05 (-01 bps)	Duration:	3.61 years
1 Yr. T-Bill:	0.08 (-01 bps)	30-Year Insured Revs:	160.5% of 30 Yr. T-Bond
2 Yr. T-Note:	0.48 (+03 bps)	Bond Buyer 40 Yield:	4.54 (-04 bps)
3 Yr. T-Note:	0.97 (+04 bps)	Crude Oil Futures:	102.95 (+2.12)
5 Yr. T-Note:	1.67 (+03 bps)	Gold Futures:	1311.40 (-26.00)
10 Yr. T-Note:	2.48 (-03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.29 (-04 bps)	U.S. High Yield:	5.94% (+10 bps)
		BB:	4.76% (+10 bps)
		B:	6.01% (+11 bps)

Treasury prices responded to the crisis in Ukraine with mixed results this week as longer duration Treasury prices rose while shorter duration Treasury prices fell. The largest move of the week came on Thursday as the civilian Malaysian airliner crashed in Ukraine after allegedly being shot down. This event caused fears of larger geopolitical turmoil, which shocked the markets and caused equities to tumble and Treasury prices to rise significantly. Poor Housing Starts numbers also contributed to the flight to safety on Thursday. However, those fears were tempered on Friday as the equity markets rebounded and Treasuries slid, except prices on longer duration Treasuries did not slide as much as shorter duration Treasuries. The week had started off with positive Empire Manufacturing data that caused Treasury prices to fall. Treasuries continued to slide on Tuesday as Federal Reserve Chairwoman Janet Yellen said that the Fed could raise rates sooner if economic data continues to beat expectations. Gold had fallen significantly on Monday's positive data then rose again on Thursday's geopolitical fears before settling back down on Friday for a 1.9% loss over the course of the week. Thursday's events also caused oil prices to rise significantly, ending the week up 2.1%. Major economic reports (and related consensus forecasts) for the upcoming holiday shortened week include: Tuesday: June Consumer Price Index (0.3% MoM, 2.1% YoY), June Existing Homes Sales (4.99M, 2.0% MoM); Wednesday: July 18 MBA Mortgage Applications; Thursday: July 19 Initial Jobless Claims (308,000), July Markit US Manufacturing PMI (57.5), June New Home Sales (480,000, -4.8% MoM); Friday: June Durable Goods Orders (0.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17,100.18 (+0.92%)	Strong Sectors:	Info Tech, Financials, Telecom
S&P 500:	1,978.22 (+0.54%)	Weak Sectors:	Health Care, Consumer Staples, Utilities
S&P Midcap:	1,412.73 (+0.09%)	NYSE Advance/Decline:	1,679/ 1,538
S&P Smallcap:	664.14 (-0.46%)	NYSE New Highs/New Lows:	386/62
NASDAQ Comp:	4,432.15 (+0.38%)	AAll Bulls/Bears:	32.4% / 28.5%
Russell 2000:	1,151.61 (-0.72%)		

Equity performance was mixed for the week, with large-cap stocks posting gains while small-caps lost ground as geopolitical fears overshadowed the start to earnings season. The crisis in Ukraine intensified after a surface-to-air missile struck a Malaysian Airlines passenger jet in Ukraine, killing all 298 passengers. The Ukrainian government accused pro-Russian rebels for the incident, while the separatists denied being involved. In addition to increased tensions in Ukraine, Israel launched a ground offensive against Hamas and other Palestinian militants to stop missile strikes against their country. In U.S. news, Janet Yellen sent shares of small-caps, biotechnology, and social-media stocks lower after commenting that valuations seem stretched in certain pockets of the market. While the Fed voiced some concern with valuation in certain asset classes, they continue to find monetary stimulus necessary due to the slack in the labor market and inflation remaining below targeted levels. It was a busy week for earnings season with a number of key banks reporting strong results. **Goldman Sachs Group Inc.** and **Morgan Stanley** both posted better-than-expected results as fixed-income trading revenue came in above expectations and deal revenue increased for both firms as merger and acquisition activity strengthened. **Citigroup Inc.** shares rose for the week after posting solid results and removing part of their litigation overhang by reaching a \$7 billion mortgage-bond settlement. In tech earnings, **Google Inc.** beat top line expectations on strength in search. Looking ahead to next week, a number of companies are set to report earnings. **Halliburton Co., Allergan Inc., Chipotle Mexican Grill Inc., Netflix Inc.** and **Coca-Cola Co.** are all expected to announce earnings.