

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (+01 bps)	GNMA (30 Yr) 6% Coupon:	112-08/32 (1.50%)
6 Mo. T-Bill:	0.06 (+01 bps)	Duration:	3.65 years
1 Yr. T-Bill:	0.10 (+02 bps)	30-Year Insured Revs:	162.96% of 30 Yr. T-Bond
2 Yr. T-Note:	0.49 (+01 bps)	Bond Buyer 40 Yield:	4.51 (-03 bps)
3 Yr. T-Note:	0.97 (unch.)	Crude Oil Futures:	102.90 (-1.04)
5 Yr. T-Note:	1.67 (unch.)	Gold Futures:	1,303.30 (-6.1)
10 Yr. T-Note:	2.47 (-01 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.24 (-05 bps)	U.S. High Yield:	5.93% (-01 bps)
		BB:	4.73% (-03 bps)
		B:	6.00% (-01 bps)

Treasuries started the week declining but rallied on Friday as a mixed Durable Goods report combined with poor economic news out of Europe increased demand for the relative safety of U.S. government debt. Yields continue to defy expectations as the 10-year note closed at 2.47% down from just over 3% at the start of the year. The geopolitical situation out of the Ukraine and Middle East remains uncertain and potential sanctions are of concern. Additionally, Argentine bonds fell sharply last week as the government refuses to meet with holdout creditors and default appears more likely as U.S. district Judge Thomas Griesa is requiring Argentina to pay holdouts from defaulted bondholders 1.5 billion before making payment on current outstanding debt. Argentina refuses. Economic data from the prior week was mixed as Tuesday's MoM CPI reading came in as expected, Existing home sales disappointed, Initial Jobless claims was better than expected but New home sales disappointed. While Friday's Durable Goods number appeared to be positive as it surprised at .7% MoM growth, downward revisions to the prior quarter left investors unconvinced. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: July Consumer Price Index (85.5); Wednesday: July 25 MBA Mortgage Applications, ADP Employment Change (+230,000), GDP Annualized QoQ (3.1%), Federal Reserve QE3 Pace (25B, -10B), FOMC Rate Decision (unch.); Thursday: July 26 Initial Jobless Claims (302K); Friday: July Change in Non-Farm Payrolls (231,000), July Unemployment Rate (6.1%, unch.), Personal Income (.4%, unch.), Personal Spending (.4%, +.2%), University of Michigan Confidence (81.5, +.2) and July ISM Manufacturing (56).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16,960.57 (-0.82%)	Strong Sectors:	Energy, Information
S&P 500:	1,978.34 (0.01%)		Technology, Health Care
S&P Midcap:	1,405.72 (-0.49%)	Weak Sectors:	Consumer Discretionary
S&P Smallcap:	659.58 (-0.66%)		Industrials, Consumer Staples
NASDAQ Comp:	4,449.56 (0.40%)	NYSE Advance/Decline:	1,503 / 1,720
Russell 2000:	1,144.72 (-0.59%)	NYSE New Highs/New Lows:	435 / 91
		AAII Bulls/Bears:	29.6% / 29.9%

Last week the S&P 500 Index closed even for the week with a 0.01% return. Monday opened down from the previous close and continued downward early in trading with concerns over the Ukraine and the Middle East. Later in the morning, equities began to rise and minimized the loss for the day with a -0.23% return. The S&P 500 opened higher on Tuesday with positive economic data from June existing home sales rising more than expected and tensions easing in the Ukraine. It was the best performance for the week with a 0.50% return. Wednesday returned 0.18% helping the index hit a new all-time closing high of 1987.01. The index continued to show strength as only 3 companies did not beat or meet expectations out of the 33 that released their earnings Tuesday night after the close or Wednesday morning before the open. Thursday showed mixed economic data resulting in a 0.05% return, but that was enough for another new all-time closing high at 1987.98. June new home sales of 406K annualized missed expectations of 475K. This was also an 8.1% decrease from the previous month's sales data. US initial jobless claims were 284K, which was a decrease from the previous week's 302K and was lower than the consensus estimate of 307K. After being up 0.50% for the first four days, Friday gave the week's gains back by returning -0.48%. Four of the ten economic sectors had positive performance for the week. The energy sector was the best performing sector with a 0.82% return. The information technology and health care sectors followed with 0.73% and 0.71% returns, respectively. The consumer discretionary sector's -1.02% return was the worst performance of all the sectors and was followed by industrials and consumer staples which returned -0.94% and -0.81%, respectively. **Intuitive Surgical Inc.**, a designer, manufacturer and marketer of surgical systems, turned in the best performance in the S&P 500 Index with a 21.37% gain. The next two best performers were **Under Armour Inc.** and **Chipotle Mexican Grill Inc.** with returns of 17.92% and 13.70%, respectively. This week will bring earnings news from **Exxon Mobil Corp.**, **Chevron Corp.**, **The Procter & Gamble Co.**, **Pfizer Inc.**, **ConocoPhillips**, **American Express Co.**, **United Parcel Service Inc.**, **MasterCard Inc.** and over 200 others.