

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-22/32 (1.35%)
6 Mo. T-Bill:	0.04 (-02 bps)	Duration:	3.69 years
1 Yr. T-Bill:	0.10 (unch.)	30-Year Insured Revs:	161.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.47 (-02 bps)	Bond Buyer 40 Yield:	4.54 (+03 bps)
3 Yr. T-Note:	0.92 (-05 bps)	Crude Oil Futures:	97.63 (-4.46)
5 Yr. T-Note:	1.66 (-01 bps)	Gold Futures:	1293.10 (-10.20)
10 Yr. T-Note:	2.49 (+03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.28 (+04 bps)	U.S. High Yield:	6.31% (+38 bps)
		BB:	5.08% (+35 bps)
		B:	6.40% (+40 bps)

Treasuries experienced a yield curve twist this week as yields for Treasuries with short-term maturities dropped while yields for Treasuries with long-term maturities rose. On Monday, yields rose across all maturities as a 2-year note auction had the highest yield since 2011. The President of the Federal Reserve Bank of Dallas, Richard Fisher, said that it could be dangerous to keep key lending rates too low for too long, which fueled speculation that the Federal Reserve may be to raise rates soon. On Tuesday, geopolitical fears in Ukraine caused longer maturity yields to fall with a strong sale of 5-year notes, though the 2-year yield continued to rise sharply. In a policy statement on Wednesday the Fed said it would continue trimming the bond-buying program. Yields then rose significantly, with longer maturities rising the most, on stronger economic data including a higher than expected GDP number. However, initial jobless claims were higher than expected on Thursday and equities tumbled and short-term yields dropped while long term yields rose slightly. On Friday, poor employment data and two Fed officials disagreeing with Fisher's hawkish view caused yields to fall significantly, with shorter yields seeing the sharpest decline. Oil declined 4.4% over the course of the week with a large drop coming on Thursday. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: June Markit US Services PMI (60.3), June Factory Orders (0.6%); Wednesday: August 1<sup>st</sup> MBA Mortgage Applications, June Trade Balance (-\$45.0B); Thursday: August 2<sup>nd</sup> Initial Jobless Claims (305,000), Friday: June Wholesale Inventories (0.8% MoM).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16493.37 (-2.75%)	Strong Sectors:	Telecom, Health Care
S&P 500:	1925.15 (-2.66%)		Consumer Discretionary
S&P MidCap:	1367.2 (-2.71%)	Weak Sectors:	Energy, Industrials, Financials
S&P Small Cap:	643.29 (-2.44%)		
NASDAQ Comp:	4352.639 (-2.16%)	NYSE Advance/Decline:	484 / 2,772
Russell 2000:	1114.857 (-2.59%)	NYSE New Highs/New Lows:	260 / 191
		AAll Bulls/Bears:	31.1% / 31.1%

Investors in the S&P 500 saw red for a calendar month for the first time since January of this year, losing 2.66% for the week and 1.38% for July. Nonetheless, the S&P 500 has returned 5.36% through the end of last week. While the price of the Dow Jones Industrial Average has dropped .50% year to date, including dividends reinvested the benchmark is up .77% for the year. Some attribute the week's drop to better-than-expected economic data that may cause the Fed to tighten their accommodative stance. Companies hit harder than most, included **Exxon** and **Chevron**. The oil majors both saw production declines in the most recent quarter. The companies each fell 4.24% for the week. Fairing even worse than the oil majors was nutrition product maker, Herbalife. The seller of weight loss products fell an eye-dropping 20.42% after reporting weaker-than-expected earnings. This week performance follows a much stronger performance when shares in Herbalife returned more than 8% the previous week. Shares in **T-Mobile** rose 7.14% for the week, much to the dismay of rival and potential suitor, **Sprint**. Since January, T-Mobile had been in talks with regulators to be acquired by Sprint. This week, Sprint learned they had company in their pursuit of T-Mobile after French wireless provider, **Illiad**, announced a bid of \$33/share for 57% of T-Mobile. While the bid is at a lower price than Sprint's offer, regulators may look favorably on the offer since this would not reduce competition in the US wireless market. Looking ahead to this week, investors look to regain their footing by making their way to the end of the second quarter's earnings season. Companies reporting this week include, **Disney**, **Coach**, **Time Warner**, **Viacom** and **CBS**.