

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (unch.)	GNMA (30 Yr) 6% Coupon:	112-16/32 (1.41%)
6 Mo. T-Bill:	0.04 (-01 bps)	Duration:	3.69 years
1 Yr. T-Bill:	0.09 (-01 bps)	30-Year Insured Revs:	171.43% of 30 Yr. T-Bond
2 Yr. T-Note:	0.49 (unch.)	Bond Buyer 40 Yield:	4.40 (-05 bps)
3 Yr. T-Note:	0.93 (-04 bps)	Crude Oil Futures:	95.83 (+2.33)
5 Yr. T-Note:	1.63 (-03 bps)	Gold Futures:	1,287.60 (+7.7)
10 Yr. T-Note:	2.34 (-06 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.08 (-08 bps)	U.S. High Yield:	5.93% (-01 bps)
		BB:	4.68% (-01 bps)
		B:	6.00% (-01 bps)

Yields for longer dated Treasury Bonds increased last week as the demand for US Government Debt has surged amid increasing global tensions and speculation that the European Central Bank will add monetary stimulus. Last Monday, July New Home Sales declined to the lowest point in four months. On Tuesday of last week, Consumer Confidence increased to its highest point in almost seven years while an increase in demand for Airplanes and Automobiles drove an increase in July Durable Goods Orders. On Thursday, 2Q Annualized GDP figures were higher than forecasted, which was primarily driven by a surge in Business Investment. Initial Jobless Claims were slightly less than expected as they continue to hover near the lowest levels since 2007. Despite an improving Labor Market, July Personal Income and Spending failed to meet expectations on Friday, as the lack of wage gains have caused consumers to limit spending. Major economic reports (and related consensus forecasts) for the upcoming holiday shortened week include: Tuesday: August Markit US Manufacturing PMI and August ISM Manufacturing (57.9 and 57 respectively); Wednesday: MBA Mortgage Applications (unch.) and July Factory Orders (11%); Thursday: August ADP Employment Change and Initial Jobless Claims (225K and 300K respectively) and July Trade Balance (-\$42.4B); Friday: August Change in Nonfarm Payrolls and August Unemployment rate (225K and 6.1% respectively).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17098.45 (0.63%)	Strong Sectors:	Utilities, Telecom, Energy
S&P 500:	2003.37 (0.8%)	Weak Sectors:	Industrials, Cons. Discretionary, Cons. Staples
S&P MidCap:	1438.18 (0.91%)	NYSE Advance/Decline:	2,168 / 1,058
S&P Small Cap:	671.88 (0.66%)	NYSE New Highs/New Lows:	428 / 42
NASDAQ Comp:	4580.271 (0.94%)	AAll Bulls/Bears:	51.9% / 19.2%
Russell 2000:	1174.351 (1.24%)		

Intensifying conflict in Iraq and Syria, lingering questions over Russia and even a 6.0 magnitude earthquake in California all failed to shake investors' confidence as major indexes were mostly flat to up in the final days leading to Labor Day weekend. The S&P 500 returned .80% for the week. Year-to-date, the S&P 500 has returned 9.87% and currently trades at a P/E multiple of 18.05 times while yielding 1.90%. While news was light before the holiday, there was one major deal being announced prior to the three-day weekend. **Burger King** announced they would acquire Canadian donut chain, **Tim Hortons** for \$11.8 billion. This acquisition is the latest of many tax inversion deals that will enable the company to move the Home of the Whopper to a tax-advantaged domicile. Also adding intrigue to this deal was the involvement of frequent tax-avoidance critic, Warren Buffett and **Berkshire Hathaway**, who will help finance the deal in the form preferred securities yielding 9%. Also agreeing to be acquired was biotechnology company, **Intermune**. They announced they would be acquired by pharmaceutical maker, Roche Holding, for \$74/share in cash. Rising 2.21% last week was electronics retailer, Best Buy. Despite appreciating shares, the company disappointed some investors, reporting that sales declined by more than 4% last week. Finally in company news, **Alibaba Group**, the company many call China's Amazon.com, reported impressive gains in sales and earnings with revenues rising 46% in the quarter compared to the same period a year earlier. This is all comes ahead of their much anticipated IPO. Looking ahead, few companies will be reporting earnings in this holiday-shortened trading week. **Joy Global, Toll Brothers** and **Christopher & Banks** will be reporting results.