

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (-03 bps)	GNMA (30 Yr) 6% Coupon:	112-27/32 (1.90%)
6 Mo. T-Bill:	0.24 (+01 bps)	Duration:	3.82 years
1 Yr. T-Bill:	0.35 (-02 bps)	Bond Buyer 40 Yield:	4.41 (unch.)
2 Yr. T-Note:	0.71 (-01 bps)	Crude Oil Futures:	45.81 (+0.59)
3 Yr. T-Note:	0.99 (-03 bps)	Gold Futures:	1,121.80 (-11.70)
5 Yr. T-Note:	1.47 (-04 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.13 (-05 bps)	U.S. High Yield:	7.53% (-09 bps)
30 Yr. T-Bond:	2.89 (-02 bps)	BB:	5.71% (unch.)
		B:	7.67% (-03 bps)

Treasury prices ended an up and down week slightly higher on a volatile equity market. Economic data and signals about the Federal Reserve's interest rate policy also contributed to the rise in Treasury prices this week. Treasury prices dropped slightly on Monday as Fed Vice Chairman Stanley Fischer said he was confident inflation would soon rise toward the Fed's 2% target, leading investors to believe the Fed would move to raise rates this year. On Tuesday, the equity market plummeted, which led investors to seek the safety of U.S. Treasuries, causing prices to rise. Yields began to drop early on Tuesday during trading in Asia after a China manufacturing index indicated contraction. After mixed economic reports and a mixed Beige Book led to a slight pullback on Wednesday, Treasury prices rose again on Thursday on dovish comments by the European Central Bank and economic reports that slightly missed expectations. Treasury prices then rose again on Friday on a disappointing jobs report and a significant sell off in the equity markets. After rising 9% on Monday, Oil prices dropped 8% on Tuesday and remained steady the rest of the week. Major economic reports (and related consensus forecasts) for the upcoming holiday shortened week include: Tuesday: August NFIB Small Business Optimism (96.0); Wednesday: Sept 4 MBA Mortgage Applications; Thursday: August Import Price Index (-1.7% MoM, -11.1% YoY), Sept 5 Initial Jobless Claims (275,000), July Wholesale Inventories (0.3% MoM); Friday: August PPI Final Demand (-0.1% MoM, -0.9% YoY), U. of Michigan Sentiment (91.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16102.38 (-3.21%)	Strong Sectors:	Telecom, Cons. Discretionary
S&P 500:	1921.22 (-3.36%)		Cons. Staples
S&P Midcap:	1386.27 (-2.76%)	Weak Sectors:	Utilities, Health Care,
S&P Smallcap:	660.68 (-2.08%)		Financials
NASDAQ Comp:	4683.918 (-2.97%)	NYSE Advance/Decline:	857 / 2,373
Russell 2000:	1136.168 (-2.28%)	NYSE New Highs/New Lows:	25 / 227
		AAll Bulls/Bears:	32.4% / 31.7%

The S&P 500 fell 3.36% this week as turmoil in China and growing concerns the Fed will raise rates continued to worry investors. Year to date, the S&P 500 has dropped 5.36%, trades at a P/E ratio of nearly 17 times and a dividend yield of 2.24%. Fueling concerns the Fed will raise rates was a positive jobs report and the announcement that unemployment fell to 5.1%. To put this figure in perspective, after the 2008 economic crisis, unemployment reached a high of 10% in October of 2009. While the VIX did moderate for much of the week, it finished the week at 27.80, nearly twice as high as where the index averaged for the first seven months of this year, 15.04. Investors are increasingly turning their attention to the Chinese economy. While Western investors were spared the release of Chinese economic data later in the week due to a government holiday, they were not spared earlier in the week when China announced weak manufacturing data. One of the companies struggling the most with China's slowdown is mining equipment maker, **Joy Global**. Shares in the company lost 21.70% last week, as the company posted a 35.21% drop in quarterly EPS. The company has suffered from a decrease in coal demand which has weighed significantly on coal miners. **Arch Coal** dropped 34.10% this week as coal miners continue to struggle with a decrease in demand. One bright spot for the week was the significant increase in the price of oil. On Monday, Oil futures surged to \$49.20 per barrel before closing the week at \$46.05 per barrel. Unfortunately, members of S&P 500 Energy Sector did not share in the gains while losing 3.05%. Looking ahead to this week, all eyes will continue to focus on China as they return from a holiday commemorating their World War II victory over Japan. Overnight, ahead of today's open, China has revised 2014's GDP growth estimate to 7.3% from 7.4%. Companies announcing earnings this week are **Tivo**, **Casey's General Stores**, **Barnes & Noble** and **Kroger**.