US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.26 (+01 bps)	GNMA (30 Yr) 6% Coupon:	111-29/32 (2.04%)
6 Mo. T-Bill:	0.35 (-06 bps)	Duration:	3.82 years
1 Yr. T-Bill:	0.50 (-05 bps)	Bond Buyer 40 Yield:	3.78 (-03 bps)
2 Yr. T-Note:	0.69 (-04 bps)	Crude Oil Futures:	48.10 (-0.97)
3 Yr. T-Note:	0.83 (-05 bps)	Gold Spot:	1,298.50 (+24.26)
5 Yr. T-Note:	1.11 (-05 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.61 (-03 bps)	U.S. High Yield:	7.66% (+16 bps)
30 Yr. T-Bond:	2.42 (-03 bps)	BB:	5.45% (+12 bps)
		B:	7.68% (+17 bps)

Treasury prices rose slightly over the course of the week on Brexit fears and statements from the Federal Reserve. Investors had all but ruled out a rate hike announcement from this week's Fed meeting, and this was confirmed on Wednesday as the focus shifted to the Fed's "dot plot," which is a chart that shows the outlook for interest rates from each of the Federal Reserve's policy makers. The Fed took a more cautious, dovish stance on Wednesday as the "dot plot" implied a lower expectation for interest rate increases this year. The Fed said that economic growth "appeared to pick up" despite saying that job gains have diminished while market measures for inflation have declined. Janet Yellen also said that the Brexit vote was one of the factors leading to the decision not to increase rates. Uncertainty grew regarding next week's vote in the United Kingdom of whether or not Great Britain should leave the European Union. The polling is very close and fears that Britain will in fact vote to leave has caused investors to seek the safety of U.S. Treasuries. A 2% drop in oil prices also contributed to the demand for Treasuries. Treasuries did experience a slight pullback near the end of the week, causing Treasury prices to only have modest gains. Major economic reports (and related consensus forecasts) for the upcoming week include: Wednesday: Jun 17 MBA Mortgage Applications, May Existing Home Sales (5.55M); Thursday: June 18 Initial Jobless Claims (270,000), June Prelim. Markit US Manufacturing PMI (50.7), May New Home Sales (560,000), May Leading Index (0.2%); Friday: May Prelim. Durable Goods Orders (-0.4%), June Final U. of Michigan Sentiment (94.2).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	17,675.16 (-1.00%)	Strong Sectors:	Telecommunication Services, Utilities, Energy
S&P 500:	2,071.22 (-1.12%)		
S&P Midcap:	1,479.95 (-1.22%)	Weak Sectors:	Information Technology, Health Care, Financials
S&P Smallcap:	701.48 (-1.51%)		
NASDAQ Comp:	4,800.34 (-1.90%)	NYSE Advance/Decline:	1,164 / 1,990
Russell 2000:	1,144.70 (-1.61%)	NYSE New Highs/New Lows:	270 / 83
		AAII Bulls/Bears:	25.3% / 37.5%

Last week the S&P 500 Index posted a -1.12% return. The index has returned 2.42% YTD, but has declined in the month of June returning -1.11%. The equity markets showed weakness on Monday as they started the negative trending week with a -0.78% return on the S&P 500 Index. Caution was the mood as investors waited for retail sales data, industrial production data, housing data and the Federal Open Market Committee (FOMC) meeting later in the week. May retail sales data reported higher than expected on Tuesday and small business optimism also reported slightly higher than expected. With investors' concerns over foreign markets and the FOMC meeting the following day, the positive data did little for the index as it declined 17 basis points. Wednesday brought mixed economic data with better than expected manufacturing, but slightly worse than expected industrial production. The FOMC kept rates unchanged and the S&P 500 Index declined 18 basis points. The S&P 500 Index had its only positive day of the week on Thursday returning 0.33% with all sectors showing positive performance excluding energy. US initial jobless claims of 277K were higher than the consensus estimate of 270K and higher than the previous week's 264K. Stocks were back on the decline on Friday as the S&P 500 Index returned -0.33%. Crude oil closed the week at $47.98 a barrel, declining -2.22% from the previous week's close. Eight of the ten economic sectors had negative performance for the week. The telecommunication services sector was the best performing sector with a 1.42% return. The utilities and energy sectors followed with 0.72% and -0.02% returns, respectively. The health care sector's -1.98% return was the worst performance of all the sectors and was followed by information technology and financials which returned -1.93% and -1.89%, respectively. **Symantec Corp.**, an information technology company that offers security and storage solutions through software and services, turned in the best performance in the S&P 500 Index with a 15.43% gain. On Monday, the company announced their agreement to acquire Blue Coat System Inc. from Bain Capital for $4.65 billion. The next two best performers were **Freeport-McMoRan Inc.** and **Host Hotels & Resorts Inc.** with returns of 7.53% and 6.75%, respectively.