

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.31 (+03 bps)	GNMA (30 Yr) 6% Coupon:	114-19/32 (1.21%)
6 Mo. T-Bill:	0.41 (+05 bps)	Duration:	3.85 years
1 Yr. T-Bill:	0.49 (-04 bps)	Bond Buyer 40 Yield:	3.78 (+02 bps)
2 Yr. T-Note:	0.68 (+07 bps)	Crude Oil Futures:	45.95 (+0.54)
3 Yr. T-Note:	0.83 (+13 bps)	Gold Spot:	1,327.40 (-31.00)
5 Yr. T-Note:	1.11 (+16 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.56 (+20 bps)	U.S. High Yield:	7.00% (-03 bps)
30 Yr. T-Bond:	2.27 (+17 bps)	BB:	4.93% (-02 bps)
		B:	7.07% (-03 bps)

U.S. Treasury yields increased last week as marginal bond yields drove investors to riskier markets for income. Japan's monetary stimulus and the Bank of England's signal of monetary stimulus later this summer also encouraged investors to lighten up on bond holdings. On Tuesday, yields on the 10 year note suffered the largest two-day increase since December 2015, signaling buying fatigue after bond yields fell to record lows toward the end of last week. U.S. government bonds strengthened on Wednesday as a \$12 billion auction drew the strongest demand ever recorded from foreign investors. Investors have been piling into government debt as yields from developed countries hit historic lows after the U.K.'s decision to leave the European union. Initial jobless claims remained unchanged last week, adding further support that the May payroll-stall was an anomaly as the pace of layoffs remains relatively low. U.S. PPI beat consensus expectations, rising for a third consecutive month in June, driven by a rebound in energy and food prices. U.S. Government bonds pulled back on Friday as upbeat consumer spending and industrial production weakened demand for safe haven bonds. Sales excluding autos increased 0.7% in June, beating the consensus expected 0.4%. Excluding both autos and gas, sales are up 4.6% versus a year ago. The increase in sales in June was led by building materials, non-store retailers (internet and mail orders), and gas stations. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: June Housing Starts (1170k); Wednesday: July 15th MBA Mortgage Applications; Thursday: July 16th Initial Jobless Claims (270k), June Existing Home Sales (5.47m), June Leading Index (0.2%); Friday: July Markit US Manufacturing PMI (52.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	18516.55 (2.04%)	Strong Sectors:	Materials, Financials
S&P 500:	2161.74 (1.51%)		Industrials
S&P Midcap:	1543.63 (1.55%)	Weak Sectors:	Cons. Discretionary and Staples
S&P Smallcap:	740.72 (2.55%)		Utilities
NASDAQ Comp:	5029.59 (1.47%)	NYSE Advance/Decline:	2,158 / 984
Russell 2000:	1205.309 (2.39%)	NYSE New Highs/New Lows:	659 / 11
		AAll Bulls/Bears:	36.9% / 24.4%

The S&P 500 hit all-time highs this week on Monday, Tuesday, Wednesday and Thursday before falling slightly on Friday to close the week with a 1.5% return. This is the third consecutive week the S&P 500 has been positive. Since the fallout from the Brexit vote, which sent the S&P 500 down -5.3% between Friday June 24th and Monday June 27th, the index has rallied 8.2%. Britain is facing Brexit head on as the country has a new Prime Minister, Theresa May, two months before they expected to. According to Bloomberg, analysts have projected a 5.8% decline in S&P 500 earnings in the 2nd quarter. If earnings do in fact fall this quarter, it would mark the 5th straight quarterly drop for the index. The unofficial kick off to earnings season started Monday when **Alcoa Inc.** announced revenue and earnings ahead of analyst consensus estimates. Shares of the aluminum company rallied over 5% as a result. Transportation player **CSX Corp.** bested earnings and revenue estimates and rallied 4.4%. Then to close the week we had a slew of banks announce positive earnings which buoyed the Financial sector to be the second best performing sector for the week. **JPMorgan Chase & Co** announced profits and sales ahead of estimates as credit card write-offs and delinquencies came in better than expected. **US Bancorp** also announced earnings and revenue ahead of estimates as credit losses and their overall return on assets improved. Not all was positive, **Wells Fargo & Co.** and **Citigroup Inc.** both saw the price of their stocks fall slightly with earnings announcements. Wells stated that they saw a small but unexpected uptick in energy defaults and stated that the bank is deciding what to do with excess reserves. Citigroup announced a slight uptick in credit card delinquencies and reminded investors that Brexit is a headwind for the bank. Looking ahead to next week, earnings season will continue as over 92 S&P 500 companies are expected to release their quarterly results. Among those are: **General Electric, General Motors, Southwest Airlines, The Travelers Cos Inc., Starbucks Corp., Chipotle Mexican Grill Inc., Visa Inc., AT&T Inc., QUALCOMM Inc., Intel Inc., Lockheed Martin Corp., The Goldman Sachs Group Inc.** and **Bank of America Corp.**