

US Economy and Credit Markets			
3 Mo. T-Bill:	0.28 (+02 bps)	GNMA (30 Yr) 6% Coupon:	114-25/32 (1.19%)
6 Mo. T-Bill:	0.43 (-01 bps)	Duration:	3.89 years
1 Yr. T-Bill:	0.53 (-01 bps)	Bond Buyer 40 Yield:	3.78 (-02 bps)
2 Yr. T-Note:	0.70 (-02 bps)	Crude Oil Futures:	44.65 (+2.85)
3 Yr. T-Note:	0.82 (-03 bps)	Gold Spot:	1,337.71 (+1.71)
5 Yr. T-Note:	1.09 (-04 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.51 (-08 bps)	U.S. High Yield:	6.88% (-15 bps)
30 Yr. T-Bond:	2.23 (-09 bps)	BB:	4.91% (-10 bps)
		B:	6.87% (-19 bps)

Treasury prices rose slightly over the course of the week as the markets were mostly stable with modest movements on economic data and bond sales. Treasuries were flat on Monday with low volume as investors expected that the Federal Reserve would want to see more data before raising rates despite the prior week's strong jobs report. Treasury prices then rose moderately on Tuesday as a well-received auction of Japanese government bonds showed that there is an appetite for bonds. Short-term bonds sat out the rally as investors have been reluctant to buy short-term Treasuries ahead of the Jackson Hole conference of top central bankers on August 26<sup>th</sup>. Treasuries continued to climb modestly on Wednesday as a large drop in oil prices led to a pullback in equities and investors were seeking the perceived safety of bonds. The Bank of England also failed to buy as many bonds as it wanted Wednesday in its latest attempt at quantitative easing, highlighting their limitations to execute their QE programs. On Thursday, Treasuries lost most of the week's gains as Initial Jobless Claims dropped slightly from the prior week while the import price index and exports both rose slightly. Oil also rose significantly on Thursday as investors had a more risk-on appetite. Treasuries then rebounded modestly on Friday to end higher for the week as retail sales and wholesale prices both were reported lower than analysts had expected. Oil continued to rise on Friday and finished up 7% on the week. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: August Empire Manufacturing (2.00); Tuesday: July Housing Starts (1.18M), July CPI (0.0% MoM, 0.9% YoY), July Industrial Production (0.3% MoM), July Capacity Utilization (75.6%); Wednesday: Aug 12 MBA Mortgage Applications; Thursday: Aug 13 Initial Jobless Claims (268,000), July Leading Index (0.3%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	18,576.47 (+0.33%)	Strong Sectors:	Energy, Consumer Staples, Consumer Discretionary
S&P 500:	2,184.05 (+0.12%)	Weak Sectors:	Materials, Health Care, Financials
S&P Midcap:	1,557.77 (-0.26%)	NYSE Advance/Decline:	1,681/ 1,431
S&P Smallcap:	744.16 (-0.30%)	NYSE New Highs/New Lows:	551/ 23
NASDAQ Comp:	5,232.90 (+0.24%)	AAll Bulls/Bears:	31.3% / 26.8%
Russell 2000:	1,229.82 (-0.08%)		

Equity markets hovered near record-highs and were little changed for the week as investors pivot their focus to economic data as earnings season nears the end. Better-than-expected earnings, improving economic data and continued optimism the Federal Reserve will remain supportive have led to a series of record-highs for the S&P 500 over the past month. In economic news, consumer confidence remained strong as the University of Michigan's index of consumer sentiment rose slightly to 90.4, but missed consensus expectations. After wholesale prices gained 0.5% last month, the Producer Price Index unexpectedly declined 0.4% in July, reflecting the lasting impact of lower commodity prices and muted global growth. Retail sales were unchanged in July, below the consensus expected gain of 0.4%. As we near the tail end of earnings season, a number of department stores reported earnings results that beat low expectations. **Macy's, Inc.** gained over 16% for the week as the department store announced plans to shutter about 100 of their 728 locations and same-store-sales declined by 2%, better than the 4.6% drop expected by analysts. Shares of **Nordstrom Inc.** also surged for the week, helped by its off-price channel and its anniversary sale. **Walt Disney Co.** announced it will pay \$1 billion for a one-third stake in **BAMTech**, a technology and streaming business formed by Major League Baseball, as earnings revealed a continued slide in ESPN subscribers. Looking ahead to next week, **Home Depot Inc.**, **Wal-Mart Stores Inc.**, and **Cisco Systems Inc.** will release earnings. Key economic data points will be the release of the Federal Reserve's minutes from July, housing data and U.S. consumer prices.

