

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.16 (+13 bps)	GNMA (30 Yr) 6% Coupon:	112-20/32 (1.94%)
6 Mo. T-Bill:	1.11 (-02 bps)	Duration:	4.05 years
1 Yr. T-Bill:	1.21 (+01 bps)	Bond Buyer 40 Yield:	4.01 (-06 bps)
2 Yr. T-Note:	1.34 (-02 bps)	Crude Oil Futures:	45.77 (-0.77)
3 Yr. T-Note:	1.50 (-05 bps)	Gold Spot:	1,254.98 (+26.28)
5 Yr. T-Note:	1.80 (-06 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.24 (-09 bps)	U.S. High Yield:	5.96% (-10 bps)
30 Yr. T-Bond:	2.81 (-11 bps)	BB:	4.54% (-07 bps)
		B:	6.04% (-10 bps)

The yield curve flattened over the course of the week. Treasuries continued to rise following the previous week in which investors interpreted comments from Fed Chairwoman Janet Yellen's congressional testimony that soft inflation could slow the pace of rate hikes. On Tuesday, longer-term yields fell sharply as Senate Republicans failed to repeal and replace the Affordable Care Act. This renewed doubts that President Trump will be able to get through his fiscal policy agenda, including tax cuts and higher infrastructure spending. The proposed policies boosted yields following the election on higher expectations for inflation, which so far has not manifested itself. Meanwhile, U.S. import prices declined 0.2% in June due to lower fuel prices, matching the consensus estimate. On Thursday, the European Central Bank left its monetary policy unchanged, meaning it would continue its €60 billion-a-month bond-buying-program and leave interest rates steady. ECB President Mario Draghi's comments echoed sentiments of soft inflation, boosting U.S. government bonds on Thursday and Friday. The market viewed Draghi's comments as dovish compared to the comments he made in June hinting that the ECB would gradually reduce its bond purchases once its objectives for growth and inflation were met. In other economic news, June housing starts were 1.215 million annually, topping the consensus estimate. Looking ahead, the Federal Open Market Committee's next meeting is scheduled for July 25-26. Major economic reports (related consensus forecasts; prior data) for the upcoming week include: Monday: July Markit US Manufacturing PMI (52.3M, 52M), June Existing Home Sales (5.58M, 5.62M); Wednesday: June New Home Sales (615K, 610K); Thursday: June Wholesale Inventories (0.2%, 0.4% MoM).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,580.07 (-0.22%)	Strong Sectors:	Utilities, Health Care, Information Technology
S&P 500:	2,472.54 (0.56%)	Weak Sectors:	Industrials, Energy, Financials
S&P Midcap:	1,773.92 (0.50%)	NYSE Advance/Decline:	1,881 / 1,182
S&P Smallcap:	868.25 (0.65%)	NYSE New Highs/New Lows:	431 / 48
NASDAQ Comp:	6,387.75 (1.20%)	AAll Bulls/Bears:	35.5% / 25.8%
Russell 2000:	1,435.84 (0.50%)		

The S&P 500 Index had another week of gains returning 0.56% and hitting a new all-time closing high of 2,473.83 on Wednesday. Equity markets showed resilience through mixed economic data. The NAHB Housing Market Index was reported slightly lower than expected while the US Import Price Index declined in June as expected. US initial jobless claims of 233K were lower than the consensus estimate of 245K and the previous week's 247K. Crude oil declined 1.65% for the week, dropping \$0.77 and closing at \$45.77 per barrel, ahead of this weekend's OPEC summit. With earnings season well under way, no losses were reported from the 67 S&P 500 companies reporting second quarter 2017 earnings last week. Over 80% beat their earnings estimates, according to Bloomberg. **Vertex Pharmaceuticals Inc.**, a biotech pharmaceutical company that develops drugs for cystic fibrosis, cancer and neurological disorders, showed the best performance for the week in the S&P 500 Index with a 24.57% return. The stock jumped 20.83% on Wednesday after announcing positive results from a study of their triple-drug cocktail for cystic fibrosis patients. The company is expected to report earnings this week. **Netflix Inc.**, an internet subscription service for watching television shows and movies, returned 17.02% last week. The stock reported earnings after the close on Monday beating second quarter subscriber estimates for both international and domestic markets. The company also increased their third quarter subscriber guidance ramping up their growth expectations. **Scripps Networks Interactive Inc.**, an operator of cable television channels such as HGTV, DIY and Food Network, climbed 16.25% last week. Shares of the company jumped 14.73% on Wednesday after news of resumed merger talks with Discovery Communications Inc. This week will give investors more earnings data with 186 S&P 500 Index members confirmed to release second quarter 2017 results.

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