

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.00 (-03 bps)	GNMA (30 Yr) 6% Coupon:	112-15/32 (2.00%)
6 Mo. T-Bill:	1.11 (-02 bps)	Duration:	3.88 years
1 Yr. T-Bill:	1.22 (+03 bps)	Bond Buyer 40 Yield:	4.01 (+01 bps)
2 Yr. T-Note:	1.31 (+01 bps)	Crude Oil Futures:	48.51 (-0.31)
3 Yr. T-Note:	1.46 (+01 bps)	Gold Spot:	1,284.13 (-5.18)
5 Yr. T-Note:	1.76 (+02 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.19 (+01 bps)	U.S. High Yield:	6.16 (-02 bps)
30 Yr. T-Bond:	2.78 (-01 bps)	BB:	4.67 (-02 bps)
		B:	6.24 (-01 bps)

Treasuries sold off early in the week as geopolitical concerns abated and retail sales came in better than expected. Specifically, retail sales grew 0.6% in July and 4.2% versus a year ago. The selloff reversed on Wednesday when the Federal Open Market Committee released the minutes from its July meeting. The minutes showed that the Committee is split over the timing of the next rate increase. Some members argued against a rate increase until the recent softness in inflation proves temporary, while others cautioned that a delay “could result in an overshooting of the Committee’s inflation objective that would likely be costly to reverse.” Fed Chairwoman Janet Yellen told the Senate Banking Committee in July “It probably remains prudent to continue on a gradual path of rate increases.” Members agreed that the Fed should begin to reduce the size of its balance sheet “relatively soon.” On Thursday, declines in major U.S. stock indexes increased demand for haven assets like U.S. government bonds, sending yields lower. The market also questioned the Trump administration’s ability to pass through its fiscal agenda after two CEO councils were disbanded on Wednesday, putting further pressure on yields. This week, top policy makers, including Fed Chair Janet Yellen and European Central Bank President Mario Draghi, will meet in Jackson Hole, Wyoming for an annual economic symposium. Major economic reports (related consensus forecasts; prior data) for the upcoming week include: Wednesday: August 18 MBA Mortgage Applications and August preliminary Markit US Manufacturing PMI (53.4, 53.3); Thursday: August 19 Initial Jobless Claims (236K, 232K) and July Existing Home Sales (5.56M, 5.52M); Friday: July preliminary Durable Goods Orders (-6.0%, 6.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	21,674.51 (-0.77%)	Strong Sectors:	Utilities, Materials, Real Estate
S&P 500:	2,425.55 (-0.58%)	Weak Sectors:	Energy, Telecom Services, Consumer Discretionary
S&P Midcap:	1,692.30 (-1.05%)	NYSE Advance/Decline:	1,386 / 1,678
S&P Smallcap:	818.38 (-1.50%)	NYSE New Highs/New Lows:	164 / 245
NASDAQ Comp:	6,216.53 (-0.58%)	AAll Bulls/Bears:	34.2% / 32.8%
Russell 2000:	1,357.79 (-1.17%)		

The S&P 500 Index had another down week returning -0.58% following the previous week’s decline, the second worst week of 2017. The first seven months of the year all finished in positive territory, but August has shown negative performance with less than two weeks of trading remaining in the month. The week started out positive with North Korean tensions declining, but reversed by Thursday as more attention was drawn to the rhetoric of the President of the United States in the aftermath of the Charlottesville tragedy. The S&P 500 Index declined 1.54% on Thursday as investors questioned the probability of the President achieving his policy agenda and economic growth ambitions. In economic news, retail sales advanced higher than expected in July and the University of Michigan Consumer Sentiment Index also beat expectations reporting its highest level since January. US initial jobless claims of 232K were lower than the consensus estimate of 240K and the previous week’s 244K. Crude oil declined 0.63% for the week, dropping \$0.31 and closing at \$48.51 per barrel. **Micron Technology Inc.**, a manufacturer of memory chips, flash memory and semiconductor components, showed the best performance for the week in the S&P 500 Index with a 8.46% return. The stock had positive momentum as memory prices for VGA graphics cards jumped over 30% from July and filings showing the CFO purchasing shares of the company. **Wynn Resorts Limited**, a luxury hotel and casino resort operator, returned 7.38% last week. The stock jumped 6.41% on Tuesday after a large bank upgraded the company to a buy from a hold which also helped other casino resort operators outpace the market that day. **Estee Lauder Companies Inc.**, a manufacturer of skin care, makeup, fragrance, and hair care products, climbed 7.73% after releasing strong earnings results early Friday morning.

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