

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.043 (4.1 bps)	GNMA (30 Yr) 6% Coupon:	106-15/32 (4.02%)
6 Mo. T-Bill:	2.216 (1.3 bps)	Duration:	3.93 years
1 Yr. T-Bill:	2.394 (-1.4 bps)	Bond Buyer 40 Yield:	4.02 (unch.)
2 Yr. T-Note:	2.604 (-3.9 bps)	Crude Oil Futures:	67.63 (-0.86)
3 Yr. T-Note:	2.679 (-5.1 bps)	Gold Spot:	1,210.57 (-4.33)
5 Yr. T-Note:	2.745 (-6.8 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.873 (-7.6 bps)	U.S. High Yield:	6.55 (0 bps)
30 Yr. T-Bond:	3.030 (-5.8 bps)	BB:	5.36 (-2 bps)
		B:	6.80 (1 bps)

Treasury prices rose over the course of the week on trade fears and a weak inflation report. Treasury prices started the week lower as equities rose significantly on Tuesday with Asian markets leading the way and causing investors to seek a more risk-on trade. The Trump administration also announced that it was re-imposing many sanctions on Iran that would go into effect Tuesday night as they try to increase pressure on Iran to halt their nuclear program. However, the risk-on trade was reversed over the rest of the week as investors preferred the perceived safety of Treasuries. Thursday's unchanged inflation reading was weaker than the analyst expectations of a 0.2% rise, which supported the buying of Treasuries. On Friday, President Donald Trump announced increased tariffs on Turkey in response to geopolitical tensions regarding Turkey's detention of an American. This action increased fears of an economic crisis in Turkey and investors fled to the perceived safety of Treasuries. Investors also are still weighing fears of the trade war with China due to more strong comments from President Trump. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: August 10 MBA Mortgage Applications (N/A, -3.0%), August Empire Manufacturing (20.0, 22.6), July Retail Sales Advance MoM (0.1%, 0.5%), July Industrial Production MoM (0.3%, 0.6%); Thursday: August 11 Initial Jobless Claims (215k, 213k), July Housing Starts (1.26m, 1.173m); Friday: July Leading Index (0.4%, 0.5%), August Prelim. U. of Michigan Sentiment (98.0, 97.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,313.14 (-0.44%)	Strong Sectors:	Consumer Discretionary,
S&P 500:	2,833.28 (-0.18%)		Telecom Services, Info Tech
S&P Midcap:	1,996.02 (-0.16%)	Weak Sectors:	Consumer Staples,
S&P Smallcap:	1,061.55 (0.78%)		Real Estate, Industrials
NASDAQ Comp:	7,839.11 (0.40%)	NYSE Advance/Decline:	1,380 / 1,686
Russell 2000:	1,686.80 (0.82%)	NYSE New Highs/New Lows:	269 / 164
		AAll Bulls/Bears:	36.4% / 31.0%

Small-cap equities outperformed large-caps last week as the S&P SmallCap 600 Index returned 0.78% and the S&P 500 Index returned -0.18%. The S&P 500 index showed a gain of 65 bps through Tuesday as consumer discretionary, energy, information technology, and financials sectors led the climb. However, equities leveled off on news of more Chinese import tariffs from the Trump administration. The S&P 500 Index opened down on Friday as equity markets around the globe declined on negative news of Turkey's financial crisis. Turkey's economy is struggling as their currency continues to lose value, increasing the amount Turkish companies owe on their foreign debts. US initial jobless claims of 213K were lower than the consensus estimate of 220K and the previous week's 218K. Crude oil prices closed the week at \$67.63 per barrel, declining 1.26% for the week. **Tesla Inc.**, an electric vehicle manufacturer, jumped 10.99% on Tuesday after CEO Elon Musk tweeted he is contemplating taking the company private and claiming to have secured funding. Media outlets began reporting that regulators are looking into his use of social media instead of a filing to announce his possible intentions. **CenturyLink Inc.**, a telecommunications company, was the week's best performing stock in the S&P 500 Index. The stock returned 13.54% last week after announcing stronger than expected second quarter earnings and increasing their profit outlook for 2018. **Michael Kors Holdings Limited**, a designer and distributor of apparel and accessories, returned 13.12% last week. The company announced better than expected quarterly earnings on improving adjusted gross margins, decreased product discounting, and strong sales in their Jimmy Choo shoe line. Among the companies reporting this week are **Walmart Inc.**, **The Home Depot Inc.**, **Cisco Systems Inc.**, **NVIDIA Corp**, **Applied Materials Inc.** and many others.

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