

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.033 (-1.0 bps)	GNMA (30 Yr) 6% Coupon:	106-15/32 (4.01%)
6 Mo. T-Bill:	2.219 (0.3 bps)	Duration:	3.91 years
1 Yr. T-Bill:	2.428 (3.4 bps)	Bond Buyer 40 Yield:	4.01 (-1.0 bps)
2 Yr. T-Note:	2.606 (0.2 bps)	Crude Oil Futures:	65.91 (-1.72)
3 Yr. T-Note:	2.679 (unch.)	Gold Spot:	1,184.25 (-26.32)
5 Yr. T-Note:	2.741 (-0.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.860 (-1.3 bps)	U.S. High Yield:	6.55 (0 bps)
30 Yr. T-Bond:	3.020 (-1.0 bps)	BB:	5.35 (-1 bps)
		B:	6.80 (0 bps)

The yield curve flattened slightly last week but Treasury yields were overall little changed as investors monitored a currency crisis in Turkey and weighed new economic data. On Monday, the yield on the U.S. 10-year Treasury rose after three straight days of declines in a bet that the crisis in Turkey would be contained. Selling continued on Thursday and Friday on news that the U.S. and China would work towards resolving the trade dispute between the two countries. In economic data, retail sales grew 0.5% in July over the prior month, easily topping expectations of 0.1%. The growth in retail sales was particularly strong at clothing stores and bars & restaurants. Housing starts grew 0.9% in July over the prior month but were significantly below the expected rebound from a 12.9% month-over-month decline in June. The 1.168 million seasonally-adjusted annual rate of housing starts in July is 1.4% below the July 2017 rate. Meanwhile, the University of Michigan announced Friday that its consumer sentiment index fell to its lowest level since September 2017, which was below expectations. The decline reflected less favorable views on pricing for big-ticket purchases. This week, the minutes of the last Federal Open Market Committee meeting will be released on Wednesday ahead of the Kansas City Fed's annual economic symposium in Jackson Hole, Wyoming. Federal Reserve Chairman Jerome Powell is scheduled to deliver a speech at the symposium on Friday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: August 17 MBA Mortgage Applications (N/A, -2.0%), July Existing Home Sales (5.41m, 5.38m); Thursday: August 18 Initial Jobless Claims (215k, 212k), July New Home Sales (648k, 631k), August Preliminary Markit US Manufacturing PMI (55.0, 55.3); Friday: July Preliminary Durable Goods Orders (-0.7%, 0.8%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,669.32 (+1.49%)	Strong Sectors:	Telecom, Consumer Staples, Real Estate
S&P 500:	2,850.13 (+0.66%)	Weak Sectors:	Energy, Materials, Consumer Discretionary
S&P Midcap:	2,010.19 (+0.76%)	NYSE Advance/Decline:	2,057 / 896
S&P Smallcap:	1,072.59 (+1.07%)	NYSE New Highs/New Lows:	105 / 50
NASDAQ Comp:	7,816.33 (-0.23%)	AAII Bulls/Bears:	36.2% / 29.1%
Russell 2000:	1,692.95 (+0.40%)		

Stocks oscillated between gains and losses before finishing higher for the week on strong earnings from a couple mega-cap stocks and improved sentiment over a potential trade deal with China. U.S. and Chinese negotiators are working on a plan to have President Donald Trump and Chinese leader Xi Jinping meet in November, which could lead to the end of the current trade dispute. For the week, investors had to weigh fears of Turkey's economic crisis spreading to other emerging markets and trade concerns against continued strong economic data and earnings. In economic news, retail sales advanced by 0.5% for the month of July, beating expectations of a 0.1% increase. With earnings season nearly complete, **Wal-Mart Inc.** added to an already spectacular earnings season by topping estimates on strong comparable store sales of 4.5%, the largest increase in a decade, and 40% growth in e-commerce revenues. Shares of **Cisco Systems Inc.** jumped after reporting strong demand across the globe for its products. By contrast, **Applied Materials Inc.** shares sank after announcing disappointing guidance due to weak demand from foundry customers. **Nvidia Corp.** also saw its shares move lower as crypto-currency product sales declined to \$18 million from \$289 million in the previous quarter. **Nordstrom Inc.** raised full-year profit forecasts on strong demand from its anniversary sale, while **Macy's Inc.** disappointed investors due to higher-than-expected expenses. With 93% of members reporting, the S&P 500 has posted 24% earnings growth for the quarter. In addition, 81% of S&P 500 members have posted positive earnings surprises for the current quarter versus 72% for the second quarter 2017. While trade sentiment and contagion concerns will likely drive the market in the near term, strong domestic growth has the potential to keep U.S. markets moving higher over a longer horizon.

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