

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.137 (-1.0 bps)	GNMA (30 Yr) 6% Coupon:	111-06/32 (2.59%)
6 Mo. T-Bill:	0.157 (-0.8 bps)	Duration:	3.69 years
1 Yr. T-Bill:	0.152 (-1.5 bps)	Bond Buyer 40 Yield:	3.63 (unch.)
2 Yr. T-Note:	0.166 (-1.9 bps)	Crude Oil Futures:	38.49 (-1.26)
3 Yr. T-Note:	0.184 (-3.5 bps)	Gold Spot:	1,771.29 (27.42)
5 Yr. T-Note:	0.302 (-2.5 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.641 (-5.2 bps)	U.S. High Yield:	6.97 (27 bps)
30 Yr. T-Bond:	1.370 (-8.8 bps)	BB:	5.16 (20 bps)
		B:	7.16 (29 bps)

Treasury yields dropped moderately over the course of the week as coronavirus fears led investors to a more risk-off approach. States across the southern part of the United States, including Texas, Florida, Arizona and California, reported record numbers of new cases at some point during the week, leading several states to implement new lockdowns or pausing their states opening plans. This has led investors to seek the perceived safety of Treasuries and push yields lower. States in the Northeast, including New York, New Jersey and Connecticut, which experienced a peak from the virus months ago, have imposed a two-week quarantine on visitors from states where the spread is currently high. Internationally, investors began to worry about trade relations, but President Trump said that the trade deal with China was "intact." There has also been some concern that the U.S. was considering tariffs on the European Union due to a dispute involving Boeing from the U.S. and Airbus from the EU. On Thursday, initial jobless claims were 1.5M, exceeding expectations by 150k, but continuing claims dropped 1.0M to 19.5M, beating expectations of 20.0M. Durable goods orders were up 15.8%, beating estimates of 10.5% after dropping 17.7% the previous month. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortend week include Tuesday: June MNI Chicago PMI (44.5, 32.3), June Conf. Board Consumer Confidence (90.0, 86.6); Wednesday: June 26 MBA Mortgage Applications (n/a, -8.7%), June ADP Employment Change (2900k, -2760k), June Final Markit US Manufacturing PMI (49.6, 49.6), May Construction Spending MoM (1.0%, -2.9%), June ISM Manufacturing (49.4, 43.1), Thursday: May Trade Balance (-\$52.3B, -\$49.9B), June Change in Nonfarm Payrolls (3000k, 2509k), June Unemployment Rate (12.3%, 13.3%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,015.55 (-3.31%)	Strong Sectors:	Information Technology, Cons Discretionary, Materials
S&P 500:	3,009.05 (-2.86%)	Weak Sectors:	Energy, Financials, Communication Services
S&P Midcap:	1,719.32 (-3.66%)	NYSE Advance/Decline:	660 / 2,407
S&P Smallcap:	788.69 (-3.65%)	NYSE New Highs/New Lows:	130 / 25
NASDAQ Comp:	9,757.22 (-1.90%)	AAll Bulls/Bears:	24.1% / 48.9%
Russell 2000:	1,378.78 (-2.80%)		

The S&P 500 Index returned -2.86% last week. The index has declined 1.03% for June and has returned -5.95% year-to-date. Equities had a positive start to the week, but pessimism set in on Wednesday as the index declined 2.59% over concerns of rising COVID-19 cases and the impact on future economic activity as some states re-evaluate their re-opening strategies and travel restrictions. Cruise lines, energy equipment & services, and airlines led stocks to the downside. Equities climbed on Thursday, recovering a portion of the previous day's losses, as U.S. regulators eased bank reserve requirements and authorized changes to the Volcker Rule resulting in a financials rally. Stocks were under pressure again on Friday as virus cases continued to jump in the South causing concern of increased future restrictions impacting the economy. U.S. initial jobless claims of 1.48 million were higher than the consensus estimate of 1.32 million, but lower than the previous week's claims of 1.51 million. Crude oil closed at \$38.49 per barrel on Friday, declining 3.17% for the week. **The Gap Inc.** was the best performer in the S&P 500 Index, returning 13.23%. The stock jumped on Friday after news of a multiyear partnership deal with rapper Kanye West on a new line of apparel called Yeezy Gap. The stock has been on a decline since early 2018 and was down over 41% year-to-date prior to Friday's announcement. Social-media companies **Facebook Inc.** and **Twitter Inc.** returned -9.51% and -13.05% respectively last week. The stocks declined after **Unilever N.V.**, the food and personal care products giant, announced on Friday they are halting all U.S. advertising on both platforms for the rest of the year citing hate speech and other polarizing posts by users. This raised concerns for the social-media companies that others may also boycott them. **American Airlines Group Inc.** was the worst performing stock in the S&P 500 Index last week with a -22.63% return with cruise lines not far behind as pressure on travel stocks was evident over virus concerns. Earnings announcements expected this week include **Micron Technology Inc.**, **General Mills Inc.**, **FedEx Corp**, **Constellation Brands Inc.**, **Conagra Brands Inc.**, and others.

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