

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.089 (unch.)	GNMA (30 Yr) 6% Coupon:	109-20/32 (3.05%)
6 Mo. T-Bill:	0.114 (1.0 bps)	Duration:	3.73 years
1 Yr. T-Bill:	0.129 (0.5 bps)	Bond Buyer 40 Yield:	3.50 (1 bps)
2 Yr. T-Note:	0.145 (1.6 bps)	Crude Oil Futures:	42.01 (0.79)
3 Yr. T-Note:	0.180 (3.9 bps)	Gold Spot:	1,945.12 (-90.43)
5 Yr. T-Note:	0.295 (6.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.709 (14.5 bps)	U.S. High Yield:	6.04 (9 bps)
30 Yr. T-Bond:	1.447 (21.3 bps)	BB:	4.47 (10 bps)
		B:	6.32 (4 bps)

Treasury yields rose across the yield curve last week, with longer-term yields rising more than shorter-term yields, as new supply and a continued rebound in consumer spending led to selling in the Treasury market throughout the week. In the corporate market, aluminum-can maker Ball Corp. issued \$1.3 billion of 10-year debt at a record-low yield of 2.875% for a junk bond with a maturity of five years or longer. The deal highlights a rally in credit markets that has pushed corporate borrowing costs for both investment-grade and junk-rated firms near record lows. Jobs data showed initial jobless claims in the week ended August 8 fell below one million for the first time since March, an encouraging sign that the labor market continues to recover. Continued claims, or the number of people receiving unemployment benefits, fell to about 15.5 million in the week ending August 1, which is still staggeringly high but marks another step forward in the recovery from May's peak of almost 25 million. Meanwhile, retail sales rose 1.2% in July over the prior month, exceeding pre-pandemic levels to set a new all-time high. It was the third consecutive month of retail sales growth. Compared to July 2019, retail sales were up 2.7% last month, which was the second consecutive month that retail sales were higher than last year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: August Empire Manufacturing (15.0, 17.2); Tuesday: July Housing Starts (1,240k, 1,186k); Wednesday: August 14 MBA Mortgage Applications (N/A, 6.8%); Thursday: August 15 Initial Jobless Claims (925k, 963k); July Leading Index (1.0%, 2.0%); Friday: August Preliminary Markit US Manufacturing PMI (52.0, 50.9), July Existing Home Sales (5.40m, 4.72m).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	27,931.02 (1.87%)	Strong Sectors:	Industrials, Energy, Information Technology
S&P 500:	3,372.85 (0.69%)	Weak Sectors:	Comm. Services, Real Estate, Utilities
S&P Midcap:	1,949.56 (0.62%)	NYSE Advance/Decline:	1,956 / 1,112
S&P Smallcap:	917.90 (0.71%)	NYSE New Highs/New Lows:	238 / 20
NASDAQ Comp:	11,019.30 (0.09%)	AAll Bulls/Bears:	30.0% / 42.1%
Russell 2000:	1,577.88 (0.59%)		

Last week, equities were positive as value names led the way. The S&P 500 index was up 0.69% while the S&P 500 Value index was up 0.91% and the S&P 500 Growth index returned 0.55%. Top performers in the S&P 500 index were cruise providers **Royal Caribbean Cruises LTD** and **Norwegian Cruise Line Holdings** along with gaming/hotel titans **Wynn Resorts LTD** and **MGM Resorts International**. These names benefitted from the 7-day average positive COVID-19 tests falling to 54,503 on Friday, down from 69,190 high on July 25th a ~22% reduction. Earnings season wound down as only 13 names in the S&P 500 announced quarterly results. Among those announcing quarterly results was **Simon Property Group** one of the largest mall REIT's. Simon announced earnings that beat analyst estimates along with positive guidance that pushed the stock up 9.6% last week. Simon also finalized plans, along with partners, to buy retail brands **Brooks Brothers** and **Lucky Brand**. Further, the Wall Street Journal reported a possible deal where Simon and **Brookfield Property Partners** are negotiating to purchase **J.C. Penny's** retail operations out of bankruptcy. Royal Caribbean announced poor quarterly results but managed to rally 16% after surprising with strong 2021 bookings that buoyed the chances of a return to profitability by next year. They also laid out a sizeable liquidity cushion that should keep the company solvent for 14-16 months even with little improvement in demand. **Cisco Systems Inc.** fell over 10% last week after announcing poor quarterly results due to hardware sales falling 16% as customers delayed orders. CEO Robbins: "As you move down the customer stack, things just get weaker and weaker as the customers get smaller and smaller because they just don't have the financial wherewithal." Robbins statement underscores some of the financial weakness many small/mid-size firms are feeling from this pandemic and economic shutdown.

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