

| US Economy and Credit Markets | | | |
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| Yields and Weekly Changes: | | | |
| 3 Mo. T-Bill: | 0.046 (0.3 bps) | GNMA (30 Yr) 6% Coupon: | 110-19/32 (2.87%) |
| 6 Mo. T-Bill: | 0.041 (-0.3 bps) | Duration: | 3.87 years |
| 1 Yr. T-Bill: | 0.071 (0.5 bps) | Bond Buyer 40 Yield: | 3.41 (3 bps) |
| 2 Yr. T-Note: | 0.207 (-0.1 bps) | Crude Oil Futures: | 68.44 (0.16) |
| 3 Yr. T-Note: | 0.430 (2.3 bps) | Gold Spot: | 1,779.74 (16.71) |
| 5 Yr. T-Note: | 0.773 (0.5 bps) | Merrill Lynch High Yield Indices: | |
| 10 Yr. T-Note: | 1.277 (-2.0 bps) | U.S. High Yield: | 4.72 (4 bps) |
| 30 Yr. T-Bond: | 1.929 (-1.6 bps) | BB: | 3.67 (4 bps) |
| | | B: | 5.29 (3 bps) |

Treasury yields were little changed last week. The Consumer Price Index rose 5.4% in July compared to last year for the second month in a row, which was slightly higher than expected. The 5.4% increase in the CPI matches the highest yearly increase in inflation since August 2008. However, the CPI's one-month 0.5% increase in July cooled from June's 0.9% rate. The increase in producer prices was also higher than expected, rising 1% in July compared to the prior month. Initial jobless claims came in at 375K for the week ended August 7, which was lower than the prior week and near pandemic lows of 368K. Combined with the prior week's strong jobs report, the data suggests the labor market continues its recovery despite increasing coronavirus cases. However, the University of Michigan Consumer Sentiment Index fell sharply, well below expectations, to its lowest level since 2011. The decline in sentiment reflected concerns about rising prices and the delta variant's potential impact on the economy. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: August Empire Manufacturing (28.0, 43.0); Tuesday: July Retail Sales Advance MoM (-0.2%, 0.6%), July Industrial Production MoM (0.5%, 0.4%); Wednesday: August 13 MBA Mortgage Applications (N/A, 2.8%), July Housing Starts (1600k, 1643k); Thursday: August 14 Initial Jobless Claims (360k, 375k), July Leading Index (0.7%, 0.7%).

| US Equities | | | |
|---------------------------|--------------------|--------------------------|------------------------|
| Weekly Index Performance: | | Market Indicators: | |
| DJIA: | 35,515.38 (0.94%) | Strong Sectors: | Materials, Financials |
| S&P 500: | 4,468.00 (0.75%) | | Consumer Staples |
| S&P Midcap: | 2,731.46 (0.56%) | Weak Sectors: | Energy, Real Estate, |
| S&P Smallcap: | 1,349.91 (-0.44%) | | Consumer Discretionary |
| NASDAQ Comp: | 14,822.90 (-0.07%) | NYSE Advance/Decline: | 1,678 / 1,814 |
| Russell 2000: | 2,223.11 (-1.07%) | NYSE New Highs/New Lows: | 376 / 128 |
| | | AAll Bulls/Bears: | 37.0% / 31.5% |

The S&P 500 Index returned 0.75% last week, finishing the week with another all-time closing high of 4,468. Equity markets continue to climb as the index posted a 1.72% return for the first two weeks of August and is up 20.01% year-to-date. The Dow Jones Industrial Average also set a closing record of 35,515.38 last week. The week started on a negative note as markets opened lower on Monday with weekly US COVID-19 cases rising to levels not seen since earlier in the year as the delta variant continues to spread, increasing concerns of future economic growth. The worst of the negative sentiment was felt by the energy sector as the S&P 500 Energy Index declined 1.46% and crude oil prices declined 2.64% on Monday. Stocks advanced on Tuesday as an infrastructure spending plan was passed by the US Senate. This helped reverse the previous day's negative sentiment with energy being the biggest benefactor. The energy index returned 1.72% and oil prices climbed 2.72%, both recovering more than their previous day's losses. Crude oil prices showed their volatility throughout the week, but gained a mere 23 basis points, closing the week at \$68.44 per barrel. U.S. initial jobless claims of 375K equaled expectations and were lower than previous week's claims of 385K. Steel producer **Nucor Corp** was the best performing stock in the S&P 500 Index returning 20.96% as the passing of the infrastructure plan boosted the stock and helped materials become the top performing sector for the week. The S&P 500 Semiconductor & Semiconductor Equipment Index declined 2.26%, making semiconductors the second worst performing industry last week. Some of the stocks that dragged on the industry included **Micron Technology Inc.**, **Lam Research Corp**, **Applied Materials Inc.**, **KLA Corp**, and **Teradyne Inc.**, all in negative territory for the week. **Micron Technology Inc.** was downgraded last week by Morgan Stanley on concerns of possible weakness regarding memory chips going forward, though some analysts believe last week's decline of 13.51% may have been too much. Earnings announcements expected this week include **NVIDIA Corp**, **Walmart Inc.**, **The Home Depot Inc.**, **Cisco Systems Inc.**, **Lowe's Companies Inc.**, **Target Corp**, **Deere & Company**, **Applied Materials Inc.**, and many more.

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