US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.337 (5.3 bps)	Bond Buyer 40 Yield:	4.51 (7 bps)
6 Mo. T-Bill:	5.429 (2.3 bps)	Crude Oil Futures:	73.86 (3.22)
1 Yr. T-Bill:	5.383 (-0.9 bps)	Gold Spot:	1,925.05 (5.70)
2 Yr. T-Note:	4.946 (5.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.663 (13.6 bps)	US High Yield:	8.82 (19 bps)
5 Yr. T-Note:	4.360 (20.4 bps)	BB:	7.35 (19 bps)
10 Yr. T-Note:	4.062 (22.5 bps)	B:	9.05 (18 bps)
30 Yr. T-Bond:	4.045 (18.5 bps)		

Treasury yields were up mostly across the board again last week, especially for longer maturities, with jobs data released last week keeping the Fed on track to raise interest rates on July 26. The ADP jobs number released on Thursday significantly beat expectations, sending yields higher on continued strength in the labor market. The two-year Treasury yield, for example, hit a 16-year high of just over 5%. The government data released Friday, though, painted a somewhat different picture. The Labor Department data showed the US economy added 209,000 jobs in June, which was below expectations while hiring cooled from the prior month. Despite the slowdown in the headline number, average hourly earnings grew 4.4% from last year, while the unemployment rate fell to 3.6%. The continued labor market strength means the Fed will likely continue its inflation fight by tightening monetary policy. The latest Consumer Price Index reading will be released this Wednesday. Other economic data released last week showed the ISM Manufacturing Index remained in contraction territory for the 8th month in a row. However, the ISM Services Index came in higher than expected and stayed in expansion territory, continuing a dichotomy in the US economy with strong demand for services but weakness in manufacturing. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: June CPI MoM (0.3%, 0.1%), June CPI YoY (3.1%, 4.0%), July 7 MBA Mortgage Applications (N/A. -4.4%); Thursday: July 8 Initial Jobless Claims (250k, 248k), June PPI Final Demand MoM (0.2%, -0.3%); Friday: July Preliminary U. of. Mich. Sentiment (65.5, 64.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,734.88 (-1.91%)	Strong Sectors:	Real Estate, Comm. Services Utilities
S&P 500:	4,398.95 (-1.11%)		
S&P Midcap:	2,603.24 (-0.71%)	Weak Sectors:	Info Tech, Materials Health Care
S&P Smallcap:	1,199.83 (-1.34%)		
NASDAQ Comp:	13,660.72 (-0.91%)	NYSE Advance/Decline:	2,108 / 821
Russell 2000:	1,864.66 (-1.26%)	NYSE New Highs/New Lows:	54 / 21
		AAII Bulls/Bears:	46.4% / 24.5%

The third quarter of the year started off bumpy for equities with the S&P 500 dropping 111 basis points and traders wrestling with conflicting expectations for the back half of the year. The fragmented trading week, due to Independence Day, began hopeful with a relief rally among regional banks and a jump in automotive manufacturers on the news of **Tesla's** record-breaking deliveries in Q2. Investors were sluggish returning from the barbeques and fireworks only to be thwarted into panic on Thursday when ADP Employment Change numbers came in over twice as high as consensus data resulting in increasing bets that the Fed will need to take rates higher to calm inflation. Markets tried to rebound on Friday when US Bureau of Labor Statistics payroll data came in at reasonable levels but eventually ended the week in the red. Ultimately, the panic among investors was followed by a spike in the VIX, drop in confidence regarding the resilience of the US economy, and many investors saying "Never trade on ADP data." The best performing sector in the S&P 500 last week was the Real Estate sector with a meager 22 basis point return, the return while small was preferable to all other sectors which ended the week in the red. Upcoming this week investors will pay close attention to economic releases such as CPI, PPI, and University of Michigan Sentiment data to try and gain insight into the Fed's next move as wage data came in slightly hot last week. This Thursday will mark the beginning of earnings season for the S&P 500 with names like **PepsiCo** and **Conagra Brands** kicking things off, followed by major financial players such as **J.P. Morgan**, **Wells Fargo**, **Citigroup**, **BlackRock**, and **State Street** on Friday. Investors and analysts alike are expected to closely watch this week's economic releases like CPI as well as the big banks earnings reports in tangent to help set the tone for the second half of the year.