

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.354 (1.7 bps)	Bond Buyer 40 Yield:	4.42 (-9 bps)
6 Mo. T-Bill:	5.432 (0.3 bps)	Crude Oil Futures:	75.42 (1.56)
1 Yr. T-Bill:	5.266 (-11.7 bps)	Gold Spot:	1,955.21 (30.16)
2 Yr. T-Note:	4.766 (-18.0 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.373 (-29.0 bps)	US High Yield:	8.40 (-42 bps)
5 Yr. T-Note:	4.047 (-31.3 bps)	BB:	6.97 (-38 bps)
10 Yr. T-Note:	3.832 (-22.9 bps)	B:	8.62 (-43 bps)
30 Yr. T-Bond:	3.928 (-11.8 bps)		

Treasury yields dropped significantly over the course of the week, especially among longer duration maturities, as the pace of inflation continued to drop. The yield curve started out the week inverting further as shorter-duration yields rose moderately and longer duration yields dropped moderately. On Wednesday, Treasury yields dropped significantly among all maturity levels as the reading for the Consumer Price Index increased 3.0% from the previous year, down from a reading of 4.0% last month and below expectations of 3.1%. Even though this did little to change the market implied expectation of a rate hike during the July 26<sup>th</sup> Federal Reserve meeting, which ended the week at 92.4%, expectations for the level of rates in the future are now lower as inflation appears to be subsiding. The market began the week implying a Fed Funds Rate of 4.907 after the June 12, 2024 meeting, which dropped to 4.674 by the end of the week. Investors continued this risk-on approach on Thursday as Treasury yields dropped significantly again with the reading for the Producer Price Index also below expectations. However, Treasury yields rebounded moderately on Friday after a strong report on consumer sentiment from the University of Michigan led investors to believe that the economy may heat up again. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: July Empire Manufacturing (-3.4%, 6.6%); Tuesday: June Advance Retail Sales MoM (0.5%, 0.3%), June Industrial Production MoM (0.1%, -0.2%); Wednesday: July 14 MBA Mortgage Application (n/a, 0.9%), June Housing Starts (1473k, 1631k); Thursday: Initial Jobless Claims (244k, 237k), June Existing Home Sales (4.22m, 4.30m), June Leading Index (-0.6%, -0.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow <sup>®</sup> :	34,509.03 (2.29%)	Strong Sectors:	Communication Services,
S&P 500 <sup>®</sup> :	4,505.42 (2.44%)		Cons Discretionary, Info Tech
S&P MidCap 400 <sup>®</sup> :	2,673.94 (2.74%)	Weak Sectors:	Energy, Cons Staples,
S&P SmallCap 600 <sup>®</sup> :	1,236.66 (3.09%)		Financials
Nasdaq Composite <sup>®</sup> :	14,113.70 (3.32%)	NYSE Advance/Decline:	2,292 / 813
Russell 2000 <sup>®</sup> :	1,931.09 (3.58%)	NYSE New Highs/New Lows:	323 / 57
		AAll Bulls/Bears:	41.0% / 25.9%

Last week, the S&P 500 Index returned 2.44%, closing the week at 4,505.42. Recession risk has been an uncertainty that investors have weighed over the last year as the Fed has continued raising interest rates in its battle to decrease inflation to their 2% goal. While rising interest rates will notably have an impact on future earnings, equities have continued their upward trajectory as the S&P 500 Index posted gains of 7.50% and 8.74% for the first and second quarters respectively. The index is currently up 18.41% YTD. Last week's highly anticipated inflation data release helped boost stocks as year-over-year CPI came in at 3.0%, increasing hope that the Fed could be nearing the end of its rate hikes. Adding to economic optimism is the continued strength in the labor market as U.S. initial jobless claims were reported at 237K last week, lower than the previous week's 248K and the consensus estimate of 250K. Equities were led higher by the communication services, consumer discretionary, and information technology sectors last week. Communication services stock **Match Group Inc.** was the best performing stock in the S&P 500 Index gaining 13.88% as options volume on the stock rose last week and Piper Sandler increased their price target on the stock. Video game developer **Activision Blizzard Inc.** was another strong communication services performer gaining 9.27% on the week. The stock jumped on Tuesday after a federal judge denied the Federal Trade Commission's attempt to delay the acquisition of the company by **Microsoft Inc.** Consumer discretionary stocks showing strong performances included **DR Horton Inc.**, **Domino's Pizza Inc.**, **MGM Resorts Inc.**, **Etsy Inc.**, **Lennar Corp.**, and **Newell Brands Inc.**, all posting returns of 10% or more. Earnings season has kicked off with **JPMorgan Chase & Company** showing record revenue for the second quarter. Their revenues benefited from higher interest rates along with its acquisition of **First Republic Bank**. Earnings announcements expected this week include **Tesla Inc.**, **Johnson & Johnson**, **Bank of America Corp**, **Netflix Inc.**, **Abbott Laboratories**, **Morgan Stanley**, **American Express Company**, **Lockheed Martin Corp**, and many more.

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