US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.456 (2.7 bps)	Bond Buyer 40 Yield:	4.71 (3 bps)
6 Mo. T-Bill:	5.529 (6.3 bps)	Crude Oil Futures:	79.83 (-1.42)
1 Yr. T-Bill:	5.436 (9.7 bps)	Gold Spot:	1,914.96 (+25.65)
2 Yr. T-Note:	5.078 (13.5 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.74 (9.3 bps)	US High Yield:	8.69 (-0.07 bps)
5 Yr. T-Note:	4.438 (5.3 bps)	BB:	7.35 (-4 bps)
10 Yr. T-Note:	4.235 (-1.9 bps)	B:	8.84 (-12 bps)
30 Yr. T-Bond:	4.284 (-9.1 bps)		

Treasury yields were mostly higher throughout the week, with only longer duration yields (10 Yr. and 30 Yr.) finishing the week lower. Fed Chairman Jerome Powell signaled on Friday that the Fed is likely not done raising interest rates, which sent the 2-year Treasury yield to the highest level in over 15 years. On Tuesday, existing home sales declined 2.2% in July, falling short of consensus expectations and down 16.6% versus a year ago. New single-family home sales increased 4.4% in July on Wednesday, beating consensus expectations and up 31.5% from a year ago. A combination of high mortgage rates and a lack of inventory has suffocated new home sales. Homeowners are reluctant to abandon their existing low mortgage rates and has caused prospective buyers to seek out new construction. On Thursday, jobless claims declined 10k to 230k in the week ended Aug. 19, a sign the labor market has remained strong despite the Fed raising rates to a 22-year high. Durable goods orders declined 5.2% In July, lagging consensus expectation of -4.0%. The slide was primarily due to a 43.6% plunge in nondefense aircraft and parts, excluding the transportation segment new orders would have ticked up 0.5%. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: August Conference Board Consumer Confidence (116.5, 117.0); Wednesday: August 25 MBA Mortgage (N/A, -4.2%); August ADP Employment Change (195k, 324k); 2Q S GDP Annualized QoQ (2.4%, 2.4%); Thursday: August 26 Initial Jobless Claims (235k, 230k); July Personal Income (0.3%, 0.3%); July Personal Spending (0.7%, 0.5%); August MNI Chicago PMI (44.1, 42.8); Friday: August Change in Nonfarm Payrolls (165k, 187k); August Unemployment Rate (3.5%, 3.5%); August Final S&P Global Us Manufacturing PMI (N/A, 47.0); August ISM Manufacturing (47.0, 46.4).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	34,346.90 (-0.42%)	Strong Sectors:	Info Tech, Cons. Discretionary
S&P 500:	4,405.71 (0.84%)		Comm. Services
S&P Midcap:	2,579.20 (0.03%)	Weak Sectors:	Health Care, Cons. Staples
S&P Smallcap:	1,196.69 (-0.37%)		Energy
NASDAQ Comp:	13,590.65 (2.27%)	NYSE Advance/Decline:	1,715 / 1,133
Russell 2000:	1,853.63 (-0.29%)	NYSE New Highs/New Lows:	25 / 66
		AAII Bulls/Bears:	32.3% / 35.9%

Equities rose 84 basis points last week measured by the S&P 500, snapping a 3-week losing streak, after traders sifted through remarks made by various Federal Reserve speakers at the annual Jackson Hole Economic Symposium in Wyoming on Friday. Chairman Jerome Powell's remarks at the symposium offered little new information and echoed much of the same rhetoric heard over the past few months, statements included officials "will proceed carefully" and bringing inflation back to its target "still has a long way to go." Chairman Powell's message essentially boiled down to the Fed is remaining data dependent and hikes are still on the table, if need be, but current policy appears sufficiently restrictive assuming economic data doesn't come in hotter than expected in the near term. The best performing company in the S&P 500 last week was **Tesla Inc.** which ended the week up 10.72% after numerous sell side analysts published bullish opinions on the automaker. Tailwinds expected for the company include growing preorders for the Cybertruck, higher revenue growth in its supercharger business, and the predicted launch of its updated model 3 "Highland" in China later this year. **NVIDIA Corporation** reported its second quarter earnings last Wednesday and blew consensus estimates out of the water. The GPU designer beat revenues forecasts by nearly $2.5 billion and reported an EPS of $2.70, about 30% greater than estimates. While the company ended the week up 6.28% some viewed the weaker than expected price increase as an indicator the AI rally this year has become exhausted and to expect a decline in the industry during the second half of the year. Upcoming this week investors will pay close attention to the release of the Fed's preferred inflation measure, the PCE Deflator, on Thursday as well as employment data on Friday. These data points have been key inputs to the Fed's war on inflation and an unexpectedly hot reading could justify additional rate hikes later this year. In addition, this week will include earnings from several retailers and food producers that are expected to shed light on the financial health of the American consumer. **Best Buy**, **Dollar General**, **JM Smucker**, and **Campbell Soup Company** are all expected to report this week. Analysts forecast names like **Best Buy** may suffer as consumers put off big-ticket purchases and sales may slump for name brands like **Campbell's Soup** as consumers switch to cheaper private label substitutes.