

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.290 (-3.9 bps)	Bond Buyer 40 Yield:	4.34 (4 bps)
6 Mo. T-Bill:	5.140 (-5.3 bps)	Crude Oil Futures:	77.16 (2.97)
1 Yr. T-Bill:	4.798 (-7.9 bps)	Gold Spot:	2,387.19 (-13.64)
2 Yr. T-Note:	4.383 (-12.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.199 (-8.8 bps)	US High Yield:	7.77 (-4 bps)
5 Yr. T-Note:	4.075 (-9.1 bps)	BB:	6.39 (-3 bps)
10 Yr. T-Note:	4.194 (-4.5 bps)	B:	7.67 (-3 bps)
30 Yr. T-Bond:	4.450 (0.6 bps)		

Treasury yields were down across the board this week, as inflation data signaled that rate cuts are very likely in September. Existing home sales declined to a 3.89m annualized rate in June, falling below the consensus expected 3.98m. Sales decreased across all the major categories and are down 5.4% compared to a year ago. June new home sales also came in weaker than expected, declining by 0.6% to a 617k annual rate, below the consensus expected 640k. The anticipation of rate cuts and 30-year fixed mortgage rates remaining above 7% are likely the reasons buyers have been hesitant. Real GDP increased at a 2.8% annual rate in Q2 on Thursday, surpassing the consensus expected 2.0% but falling well short of the average growth of 4.2% in 2H23. New orders for durable goods declined by 6.6% in June, falling significantly below the consensus expected 0.3%. The decline was primarily due to a sharp fall in transportation orders and marked the largest monthly drop since March and April 2020. On Friday, June PCE prices rose 0.1% and are up 2.5% over the past year compared to a 3.2% gain in the year ending in June 2023. Core prices rose 0.2% and are up 2.6% compared to a year ago, a large improvement from the 4.3% reading for the twelve months ending June 2023. Inflation remains above the Fed's 2.0% target, but the numbers have moved in a positive direction since the Fed's last meeting. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: July Conference Board Consumer Confidence (99.5, 100.4); Wednesday: July 26 MBA Mortgage Applications (N/A, -2.2), July ADP Employment Change (149k, 150k), July MNI Chicago PMI (44.5, 47.4), July 27 FOMC Rate Decision (Upper Bound) (5.50%, 5.50%); Thursday: July 27 Initial Jobless Claims (236k, 235k), July Final S&P Global US Manufacturing PMI (N/A, 49.5), July ISM Manufacturing (48.8, 48.5); Friday: July Change in Nonfarm Payrolls (178k, 206k), July Unemployment Rate (4.1%, 4.1%), June Factory Orders (-3.1%, -0.5%), June Final Durable Goods Orders (-6.6, -6.6).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	40,589.34 (0.77%)	Strong Sectors:	Utilities, Health Care, Materials
S&P 500:	5,459.10 (-0.82%)	Weak Sectors:	Cons. Discretionary, Info. Tech., Comm. Services
S&P Midcap:	3,074.96 (1.99%)	NYSE Advance/Decline:	1,776 / 1,096
S&P Smallcap:	1,429.35 (3.55%)	NYSE New Highs/New Lows:	428 / 69
NASDAQ Comp:	17,357.88 (-2.08%)	AAll Bulls/Bears:	43.2% / 31.7%
Russell 2000:	2,260.07 (3.47%)		

U.S. equities experienced volatility last week, with a divergence in performance between large-cap and small-cap stocks. The S&P Small Cap 600 has outperformed, returning 10.3% in July, while the S&P 400 Mid Cap and S&P 500 Large Cap returned 5.0% and 0% respectively. Earnings season has shifted into full swing as 136 names in the S&P 500 announced quarterly results last week. **3M Co.** shares surged 23%, marking their largest one-day gain since 1990, after exceeding analysts' expectations for both revenue (7% above) and earnings (nearly 15% above) in their first quarter post-spinoff of **Solventum Corp.** **Dexcom Inc.**, maker of continuous glucose monitoring devices for diabetics, experienced a 40% decline on Friday after unexpectedly reducing their 2024 revenue forecast. Higher rebates resulting in lower revenue per patient, coupled with a slowdown in customer acquisition, prompted the downward revision of \$350m (approximately 8.5%) in their annual revenue projection. **Lamb Weston Holdings Inc.** shares dropped 28% following a revenue miss and a weak outlook for the remainder of the year. The frozen french fry manufacturer cited sluggish restaurant traffic and an unfavorable product mix for the shortfall. **Ford Motor Co.** saw a 20% decline in its stock price after disappointing earnings. While exceeding revenue expectations, the company reported a loss of \$50,000 per electric vehicle sold, impacting their profitability, and leading to earnings per share falling nearly 30% below analyst estimates. Looking ahead to next week, earnings season continues as 171 names in the S&P 500 are expected to announce quarterly results. Among those scheduled to release results are **Apple Inc.**, **Microsoft Corp.**, **Amazon.com Inc.**, **Meta Platforms Inc.**, **Exxon Mobile Corp.**, **Mastercard Inc.**, **Merck & Co Inc.** and **Chevron Corp.**

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