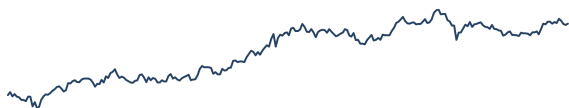


## Look Back

- Turkey's denouncement of U.S. sanctions sent shockwaves through financial markets; Turkish lira plunged
- Turkey's currency crisis drove U.S. equities lower while bonds rallied sharply; S&P 500 -0.18% | 2.87% US 10Yr

US 10 Year | 1Y



Over the past 2 weeks, Turkey's currency crisis has reached a fever pitch, weighing on risk assets. Although a miniscule piece of global GDP, Turkey's soaring inflation and plummeting lira are igniting fears of a contagion effect – like a spreading virus – among Turkey's European creditors. There are also large geopolitical ramifications at stake. Just 3 years ago, Turkey explored joining the European Union and was an established ally to the West. However, recent U.S. sanctions combined with Turkey's desperation has Turkish leadership opening up to the idea of making “new friends.” Countries like Iran, Syria, and Russia would relish the opportunity to more closely align with the 14<sup>th</sup> largest active military (World Atlas) in the world and shift Turkey's bias more easterly. President Erdogan's reluctance to raise interest rates – an inflation inhibitor – is leaving traders fearful of his ability to regain control. While probably not a long-term dilemma for global fundamentals, Turkey is a concrete near-term concern.

- Chip Hughey, CFA

Head of Retail Fixed Income Strategy and Services



Equity	Level	Index Returns %				
		1w	QTD	YTD	1Y	Δ-1w
S&P 500	2850	1.74	5.01	7.79	17.32	
Dow Jones	25502	0.79	5.21	4.45	18.07	
Nasdaq	7860	3.03	4.71	14.54	25.10	
Russell 2000	1684	1.91	2.58	10.45	20.77	
MSCI EAFE	1975	-1.79	0.91	-1.51	4.70	
MSCI EM	1071	-1.69	0.79	-5.82	3.06	

Fixed Income	Yield %	Index Returns %				
		1w	QTD	YTD	1Y	Δ-1w
US Aggregate	3.33	0.30	0.22	-1.40	-0.77	
US Credit	3.95	0.46	1.12	-2.19	-0.59	
Global HY	6.22	-0.20	1.41	-1.15	0.89	
Municipals	2.68	-0.07	0.19	-0.06	0.78	

Benchmark Rates	Levels				1Y Trend
	08/06/18	07/30/18	07/09/18	08/07/17	
Fed Fuds	1.90	1.90	1.90	1.16	
1-Month Libor	2.08	2.08	2.08	1.23	
3-Month Libor	2.34	2.34	2.33	1.31	
2Y US Treasury	2.65	2.66	2.56	1.35	
5Y US Treasury	2.80	2.85	2.75	1.82	
10Y US Treasury	2.94	2.97	2.86	2.26	
30Y US Treasury	3.09	3.10	2.96	2.84	
Prime Rate	5.00	5.00	5.00	4.25	
30Y Fixed Mtge	4.44	4.47	4.39	3.80	

Commodities	Levels				1Y Trend
	08/06/18	07/30/18	07/09/18	08/07/17	
WTI Crude	69.01	68.76	72.56	49.98	
Gold	1207.51	1221.42	1257.69	1260.95	

Currency	Levels				1Y Trend
	08/06/18	07/30/18	07/09/18	08/07/17	
\$   USD Index	95.36	94.35	94.08	93.65	
¥   JPY	111.40	111.04	110.85	110.32	
€   EUR	1.16	1.17	1.18	1.18	
£   GBP	1.29	1.31	1.33	1.30	

U.S. Eco Data	Levels			1Y Trend	
	Latest	Previous	12/31/17		
GDP	2.20	03/31/18	2.30	12/31/17	
Core PCE	1.90	06/30/18	1.94	05/31/18	
NFP	248K	06/30/18	268K	05/31/18	
Avg Hrly Earn	2.70	06/30/18	2.80	05/31/18	
ECI	2.70	03/31/18	2.60	12/31/17	

## Look Ahead

- Turkish contagion fears mounting despite central bank's pledge to intervene
- U.S. data releases will provide housing, manufacturing, and retail sales activity Wed. and Thurs.
- Treasury department continues to swell U.S. borrowing; \$96B 3/6mo bills sold Monday

S&P 500 INDEX | 1Y

