

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.14 (+01 bps)	GNMA (30 Yr) 6% Coupon:	108-17/32 (1.96%)
6 Mo. T-Bill:	0.18 (unch.)	Duration:	3.17 years
1 Yr. T-Bill:	0.23 (unch.)	30-Year Insured Revs:	171.2% of 30 Yr. T-Bond
2 Yr. T-Note:	0.46 (-10 bps)	Bond Buyer 40 Yield:	4.90% (unch.)
3 Yr. T-Note:	0.74 (-14 bps)	Crude Oil Futures:	73.60 (-2.85)
5 Yr. T-Note:	1.44 (-13 bps)	Gold Futures:	1273.60 (+28.60)
10 Yr. T-Note:	2.73 (-05 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.90 (+03 bps)	BB, 7-10 Yr.:	6.73% (-14 bps)
		B, 7-10 Yr.:	8.33% (-14 bps)

Treasury prices were mostly higher this week as economic and sovereign concerns again influenced investors. August Retail Sales were reported Tuesday increasing 0.40% vs. the expectation of 0.30%. Excluding autos, sales increased 0.60% vs. the estimate of 0.30%. Wednesday, August Industrial Production was released and matched expectations of 0.20% growth and August Capacity Utilization was reported at 74.7% against the expectation of 75.0%. Additionally, the Empire Manufacturing Index dropped to 4.14 in September from 7.10 last month. The estimate was 8.00. Prices were lower on Thursday as the Philadelphia Fed Index improved over last month despite being lower than expectations and August PPI reportedly increased 0.40% vs. 0.20% last month and was higher than the consensus which expected 0.30%. Prices were modestly higher Friday as August CPI matched expectations and September preliminary U of M Consumer Confidence was reported at 66.6 vs. the expectation of 70.0. Major economic reports (and related consensus forecasts) for next week include: Tuesday: August Housing Starts (550,000, 0.70% MoM), August Building Permits (560,000, 0.20% MoM), FOMC Rate Decision (0.25%); Wednesday: July U.S. Housing Price Index (-0.10%); Thursday: August Existing Home Sales (4.10M, 7.10% MoM); Friday: August Durable Goods Orders (-0.10%, 1.0% Ex Transportation), August New Home Sales (295,000, 6.90% MoM).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	10607.85 (+145.08,+1.4%)	Strong Sectors:	Technology, Telecomm, Consumer Discretionary
S&P 500:	1125.59 (+16.04,+1.5%)	Weak Sectors:	Utilities, Energy, Materials
S&P MidCap:	780.82 (+17.03,+2.2%)		
S&P Small Cap:	347.10 (+7.65,+2.3%)	NYSE Advance/Decline:	1,975 / 1,168
NASDAQ Comp:	2315.61 (+73.13,+3.3%)	NYSE New Highs/New Lows:	481 / 26
Russell 2000:	651.44 (+14.98,+2.4%)	AAII Bulls/Bears:	50.9% / 24.3%

U.S. stocks gained for a third straight week behind strength in the Technology sector. Trading volumes were light leading up to Friday's quadruple witching expiration of stock and index options and futures. Solid economic data out of China gave stocks a boost on Monday, and stocks rose modestly but steadily Wednesday through Friday despite mixed US economic data. Risk aversion was still in evidence as gold futures hit a record, but investors generally put double-dip and deflation concerns aside. Bank shares were relatively weak despite new Basel III regulations that appeared less onerous than expected. Shareholder-friendly moves by several tech firms were well-received. **Cisco Systems** announced it would initiate a dividend sometime this fiscal year. **Microsoft** was reportedly investigating a debt sale to fund dividends and share buybacks. **MasterCard** announced a \$1 billion share buyback while also guiding for solid double-digit revenue and earnings growth. **Texas Instruments** boosted its dividend and announced a \$7.5 billion share buyback. In earnings news, **Oracle** delivered quarterly results that were well ahead of expectations, helped by strong software sales. **Research In Motion** answered critics with higher than expected revenues, shipments and earnings, though subscriber additions fell shy of guidance. **Best Buy** squeezed higher profits from light revenues. Best Buy noted it is benefiting from an emphasis on mobile phones. **FedEx** reported a mixed quarter but raised full-year earnings guidance. In merger news, **Hewlett-Packard** continued its recent acquisition binge, buying **ArcSight** for \$1.5 billion. **Johnson & Johnson** is negotiating to buy the 82% it doesn't already own of **Crucell NV** for \$2.3 billion. Looking ahead, investors will get a flurry of readings on the economy this week including leading indicators and housing market data. The big event is the FOMC decision on interest rates and accompanying policy statement, due out Tuesday. Stocks could mark time until further clarity on the political front emerges this fall, but from a longer-term perspective they offer an attractive relative proposition for investors.