US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.10 (+01 bps)	GNMA (30 Yr) 6% Coupon:	113-02/32 (0.76%)
6 Mo. T-Bill:	0.14 (+01 bps)	Duration:	3.47 years
1 Yr. T-Bill:	0.16 (+01 bps)	30-Year Insured Revs:	147.9% of 30 Yr. T-Bond
2 Yr. T-Note:	0.26 (+03 bps)	Bond Buyer 40 Yield:	4.18% (unch.)
3 Yr. T-Note:	0.33 (+03 bps)	Crude Oil Futures:	89.96 (-2.23)
5 Yr. T-Note:	0.66 (+04 bps)	Gold Futures:	1780.20 (+9.10)
10 Yr. T-Note:	1.73 (+10 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.96 (+14 bps)	BB, 7-10 Yr.:	5.49% (-05 bps)
		B, 7-10 Yr.:	6.67% (-13 bps)

Treasury yields were generally higher this week as positive economic data was reported including a drop in the unemployment rate on Friday. Yields began to climb Thursday in anticipation of the jobs report and continued into Friday to the highest levels in almost two weeks. September ISM Manufacturing was reported Monday at 51.5 vs. expectations of 49.7. Tuesday, annualized total vehicle sales in September were reported at 14.88 million units, higher than the estimate of 14.5 million and domestic vehicle sales were also higher than estimates at 11.49 million units. The September ISM Non-Manufacturing Composite was reported Wednesday at 55.1, higher than the estimate of 53.4. August factory orders declined 5.2%, less than the anticipated decline of 5.9%. The change in non-farm payrolls increased 114,000 in September, almost exactly as expected and the unemployment rate declined to 7.8% vs. consensus estimates of 8.2%. Job gains for July and August were revised higher as well. The Treasury is scheduled to sell $32 billion in three-year notes, $21 billion in 10-year notes and $13 billion in 30-year bonds next week. Bond markets will be closed Monday in observance of Columbus Day. Major economic reports (and related consensus forecasts) for next week include: Wednesday: August Wholesale Inventories (0.40%), Fed's Beige Book; Thursday: September Import Price Index (0.7% MoM, -1.3% YoY), August Trade Balance (-$44.0B), Monthly Budget Statement ($42.0B); Friday: September Producer Price Index (0.8% MoM, 1.8% YoY), September PPI Excluding Food and Energy (0.2% MoM, 2.5% YoY).

US Equities

Weekly Index Performance:

DJIA:	13,610.15 (173.02, 1.29%)
S&P 500:	1,460.93 (20.26, 1.41%)
S&P MidCap:	996.36 (7.34, 0.74%)
S&P Small Cap:	470.26 (2.26, 0.48%)
NASDAQ Comp:	3,136.19 (19.96, 0.64%)
Russell 2000:	842.86 (5.41, 0.65%)

Market Indicators:

Strong Sectors:	Financials, Health Care, Telecommunications
Weak Sectors:	Information Technology, Energy, Utilities
NYSE Advance/Decline:	2,167/ 1,000
NYSE New Highs/New Lows:	549 / 426
AAII Bulls/Bears:	33.9% / 33.2%

Last week, following two weeks of negative performance, the S&P 500 Index had positive performance with a 1.48% return. The index closed the first four days in positive territory. The week started out with positive news from the ISM Manufacturing PMI (Institute for Supply Management's Manufacturing Purchasing Managers Index) coming in at 51.5 while consensus was 49.7. On Tuesday, Spanish Prime Minister Mariano Rajoy dismissed any possibility that Spain is close to asking for a bailout from the ECB. On Thursday, the better than expected US initial jobless claims also helped push the index higher. Claims came in the past week at 367K while the consensus was 370K. Mario Draghi, President of the European Central Bank, announced that the ECB was ready to buy the bonds of euro zone member countries that asked for it which helped keep equities trading higher. Friday opened up with positive unemployment news which came in at 7.8%, the lowest number since January 2009. Consensus was 8.2% and the prior month was 8.1%. Stocks gave back all the gains for the day and then some as the jobless report optimism faded. Nine out of the ten economic sectors had positive performance last week. Financials was the strongest with a 3.11% return for the week. Health care and telecommunication services sectors also had strong performances with 2.65% and 2.02% returns respectively. The worst and only negative performing sector was information technology with a -0.17% return and was followed by energy and utilities which returned 0.32% and 0.98% respectively. **Netflix Inc.**, an internet subscription service for watching TV shows and movies, turned in the best performance in the S&P 500 Index with a 22.26% return for the week. The next two best performers were **Constellation Brands Inc.** and **GameStop Corp** with returns of 11.90% and 9.90% respectively. This week will bring earnings news from companies such as **Chevron Corp**, **Alcoa Inc., Yum! Brands Inc., Costco Wholesale Corp, JPMorgan Chase & Co** and **Wells Fargo & Co.**